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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of 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.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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## Value Convergence Holdings Limited

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 821)

### (I) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE SALE SHARES IN THE TARGET COMPANIES INVOLVING THE ISSUE OF CONSIDERATION SHARES AND FURTHER SHARES UNDER SPECIFIC MANDATE; AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

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The notice convening the extraordinary general meeting (the “EGM”) of Value Convergence Holdings Limited (the “Company”) to be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 2 March 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for various measures that might be implemented by the Company at the EGM to try to prevent and control the spread of COVID-19 in view of the latest developments (including relevant regulatory restrictions as imposed by the Hong Kong Government) and in addition to the hygiene measures that may be implemented by Centre Point. Possible precautionary measures include but are not limited to:

- (1) Compulsory body temperature check for each attendee
- (2) Mandatory wearing of a surgical face mask throughout the meeting by each attendee
- (3) No provision of refreshments or beverages
- (4) No distribution of corporate gift

**Any person who does not comply with the precautionary measures on the date of the EGM or has close contact with any person with confirmed case will be denied entry into the meeting venue. The Company strongly recommends shareholders to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxies and to return their forms of proxy by the time specified above, instead of attending the EGM in person.**

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## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

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To safeguard the health and safety of attendees and to prevent the spreading of COVID-19, the Company might, in view of the latest developments (including relevant regulatory restrictions as imposed by the Hong Kong Government) and in addition to the hygiene measures that may be implemented by Centre Point, implement the following precautionary measures at the EGM to reduce the chance of infection and exposure for the attendees. Relevant measures include but are not limited to:

1. Compulsory body temperature checks will be conducted for each of the shareholders, proxies and other attendees at the entrance of the meeting venue. Any person with a body temperature of over 37.5 degrees Celsius or has any flu-like symptoms or is otherwise unwell, or has close contact with any person with confirmed case will be denied entry into, or be required to leave, the meeting venue.
2. Each attendee must wear a surgical face mask inside the meeting venue throughout the entire meeting and to maintain a safe distance between seats. **Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.**
3. The seating distance inside the meeting venue will be widened so as to reduce interaction among attendees. As a result, only a limited number of seats will be provided.
4. No refreshments or beverages will be served.
5. No corporate gift will be distributed.

Attendees are requested to observe and practise good personal hygiene at all times at the meeting venue. The Company reserves the right to deny entry into the meeting venue or require any person to leave the meeting venue so as to ensure the health and safety of the attendees at the EGM.

The Company would like to remind all attending shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights. In light of the risk posed by the COVID-19 pandemic, the Company strongly recommends shareholders to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxies and to return their forms of proxy as early as possible, instead of attending the EGM in person.

If any shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for putting to the Board of Directors of the Company, he/she is welcome to send such question or matter in writing to the Company's principal place of business or to the Company's email at [info@vcgroup.com.hk](mailto:info@vcgroup.com.hk).

Due to the ever-evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders are advised to check The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")'s website at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company's website at [www.vcgroup.com.hk](http://www.vcgroup.com.hk) for further announcements and updates on the EGM arrangements that may be issued.

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## DEFINITIONS

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

“AAM”	Anli Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation by the SFC to carry out type 9 (asset management) regulated services under and pursuant to the SFO, being one of the Target Companies
“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“AIF”	Anli Investment Fund SPC, an exempted segregated portfolio company limited by shares duly incorporated in the Cayman Islands, being one of the Target Companies
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday) on which no tropical cyclone warning signal No. 8 or above is hoisted, no “black rainstorm warning signal” is issued and no “extreme conditions” is announced in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) and on which licensed banks in Hong Kong are open for general banking business
“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
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“Completion Audited Accounts”	the audited financial statements of AAM for the period commencing on 1 November 2021 and ending on the Completion Date (both days inclusive) and the audited financial statements of AIF for the period commencing on 1 January 2022 and ending on the Completion Date (both days inclusive), which financial statements shall comprise of balance sheet, profit and loss account, notes thereto and directors’ and auditors’ report) prepared by an auditor approved by the Purchaser, and the completion audited accounts shall be issued to the satisfaction of the Purchaser within thirty (30) Business Days after the Completion Date
“Completion Date”	any Business Day within five (5) Business Days following the date on which all the conditions precedent have been fulfilled or satisfied (or otherwise waived under and pursuant to Sale and Purchase Agreement), or such later date as the Parties may agree in writing

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## DEFINITIONS

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“Consideration”	the consideration to be paid by the Purchaser to the Vendor for the Sale Shares of HK\$15,000,000
“Consideration Shares”	the 92,421,442 new Shares to be allotted and issued by the Company at the Issue Price under the Specific Mandate to the Vendor for settlement of the Consideration at Completion in accordance with the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Earnout”	such earnout (if any) to which the Vendor may, subject to the satisfaction and/or fulfilment of the conditions precedent in relation to such earnout set out in the Sale and Purchase Agreement, be entitled, with the quantum of such earnout to be determined in accordance with such formula as set out in the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting to be convened by the Company for approving and granting the Specific Mandate
“Further Share(s)”	the portfolio of up to 154,035,736 new Shares to be allotted and issued by the Company at the Issue Price under the Specific Mandate to the Vendor on the Relevant Date for settlement of the Earnout in accordance with the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Management Agreement”	the investment management agreement dated 7 July 2021 entered into between AIF and AAM in relation to the appointment of AAM by AIF as the investment manager for managing the segregated portfolios
“Issue Price”	HK\$0.1623, being the issue price of the Consideration Shares and the Further Shares which is equivalent to the average closing price of the Shares for the 10 consecutive trading days immediately prior to the date of execution of the Sale and Purchase Agreement
“Latest Practicable Date”	8 February 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2023 or such other date as may be agreed between the Vendor and the Purchaser in writing
“Management Share(s)”	the management share(s) issued by AIF, with each management share being a voting non-participating non-redeemable share of US\$0.001 par value in the share capital of AIF having the rights provided in the Articles of Association of AIF
“Participating Share(s)”	the participating share(s) issued by AIF, with each participating share being a non-voting participating redeemable share of US\$0.001 par value in the share capital of AIF having the rights provided in the articles of association of AIF
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Purchaser”	VC Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Relevant Date”	the date of allotment and issuance of the Further Shares (if any), which shall be a Business Day falling within such period commencing on the first Business Day of the calendar month which falls on or before six (6) months after the first anniversary of the Completion Date and expiring on the last Business Day of that particular calendar month (both days inclusive), and for avoidance of any doubt, there shall not be any Relevant Date if no Further Shares shall have to be issued
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 November 2022 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sale Shares”	the entire portfolio of 7,775,000 issued ordinary shares in AAM and the entire portfolio of 100 Management Shares in AIF as at the date of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation (where applicable)
“Shareholders”	holders of the Shares from time to time

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## DEFINITIONS

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“Share(s)”	ordinary share(s) in the share capital of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to allot and issue the Consideration Shares and the Further Shares (if any)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, AAM and AIF
“Valuer”	Peak Vision Appraisals Limited, the independent valuer engaged by the Company for the valuation of, among other things, the market value of 100% equity interest in AAM
“Vendor”	Anli Holdings Limited, a company incorporated in Hong Kong with limited liability
“Waiver”	the waiver by AAM of HK\$2,463,421.02 (or such lesser amount as the Parties shall confirm in writing by the Long Stop Date), being the amount due from the Vendor to AAM, on or before the Completion Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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### Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

*Executive Directors:*

Mr. Fu Yiu Man, Peter (*Chairman*)  
Mr. Wong Kam Fat, Tony (*Vice chairman*)  
Mr. Lin Hoi Kwong, Aristo  
Ms. Li Cindy Chen  
Mr. Zhang Nu

*Registered Office:*

6th Floor,  
Centre Point  
181-185 Gloucester Road  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

Mr. Wong Chung Kin, Quentin  
Mr. Siu Miu Man, Simon, MH  
Mr. Au Tin Fung, Edmund

14 February 2023

*To the Shareholders*

Dear Sir or Madam,

**(I) DISCLOSEABLE TRANSACTION IN RELATION TO  
ACQUISITION OF THE SALE SHARES IN  
THE TARGET COMPANIES INVOLVING THE ISSUE OF  
CONSIDERATION SHARES AND FURTHER SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### INTRODUCTION

Reference is made to the announcement of the Company dated 25 November 2022 in relation to the Acquisition.

The purpose of this circular is to provide you with: (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) a valuation report prepared by the Valuer and (iii) a notice convening the EGM.



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## LETTER FROM THE BOARD

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### THE ACQUISITION

The Board is pleased to announce that, on 25 November 2022 (after trading hours), the Purchaser, being a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell to the Purchaser, and the Purchaser conditionally agreed to purchase from the Vendor, the Sale Shares at the Consideration of HK\$15,000,000 by issuing Consideration Shares by the Company to the Vendor. In addition, subject to the fulfilment of the conditions of the Earnout, the Vendor shall be entitled to the Earnout of not more than HK\$25,000,000 by issuing Further Shares by the Company to the Vendor.

### THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

- Date: 25 November 2022 (after trading hours)
- Parties: (i) Anli Holdings Limited, as the Vendor; and  
(ii) VC Financial Group Limited, as the Purchaser  
(each a “Party” and collectively, the “Parties”)

Save for the disclosed, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are, as at the Latest Practicable Date, third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

### Assets to be acquired

Pursuant to the Sale and Purchase Agreement and subject to the conditions thereunder, the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendor, the Sale Shares free from any encumbrance which are comprised of 7,775,000 issued ordinary shares in AAM, representing the entire issued share capital of AAM and 100 Management Shares, representing 100% of the issued Management Shares in the share capital of AIF.

### The Consideration, the Earnout and basis of the Consideration and the Earnout

#### *The Consideration*

The Consideration shall be HK\$15,000,000, and the Consideration shall be settled by the Purchaser’s procuring the Company to allot and issue the Consideration Shares at the issue price of HK\$0.1623 per Share to the Vendor at the Completion.

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## LETTER FROM THE BOARD

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### *The Earnout*

Subject to the Completion having taken place on the Completion Date in accordance with the Sale and Purchase Agreement as well as the satisfaction and/or fulfilment of the conditions precedent set out in the Sale and Purchase Agreement in relation to the Earnout, the Vendor may be entitled to the Earnout, and the quantum of the Earnout shall be computed in accordance with the following formula:

$$A \times B - C = D$$

Where:

“A” means the actual audited net profit after tax of AAM as set out in the audited accounts of AAM for the 12 months ended on the first anniversary of the Completion Date

“B” means the agreed price-earning multiple of 10.49

“C” means the Consideration; and

“D” means the amount of the Earnout (if any), which in any event shall not be more than HK\$25,000,000, in case “D” is zero or in the negative, the Vendor shall not be entitled to any Earnout, and no Further Shares shall have to be allotted or issued to the Vendor.

According to a valuation report prepared by the Valuer in relation to the valuation of the market value of 100% equity interest of AAM, based on its analysis and adjustment, the mean of the price to earning ratio of the comparable companies was approximately 10.49.

The price-earning ratio was determined by the market capitalisation of the comparable companies as at the valuation date (i.e. 17 November 2022), extracted from Refinitiv.

As for the selection of the comparable companies, the Valuer has identified a total of 17 guideline public companies for the valuation analysis. Since AAM is principally engaged in asset management business, there are no perfect match of comparable companies with exactly the same financial performance, business operations and risk profile as the business subject. However, the comparable companies the Valuer identified are also engaged in the asset management services industry and therefore the Valuer considers they are subject to similar business, industry and economic risks and rewards as AAM. Selection criteria of comparable companies are listed as follows:

- a. Companies that are actively traded and publicly listed in developed financial markets including Hong Kong and China, Japan, the United States, the United Kingdom and Western Europe (mainly Germany and France, given they are the largest economies in Western Europe);
- b. Over 50% of the revenue is derived from asset management/fund management fees; and
- c. Profit making.

\* Given that only very limited comparable companies were listed in Hong Kong and China with similar operations as AAM (i.e. income mainly derived from asset management/fund management fees) which were profit making, the Valuer has expanded the comparable selection criteria to include asset management/fund management companies listed in the top financial markets (including the United States, Japan, the United Kingdom and Western Europe (Germany and France as the largest economies in Europe)). The Valuer considers asset management/fund management companies in these active, free, well developed financial markets would offer similar products, having similar income structure, and also facing similar industry risk and rewards as AAM, thus, the Valuer selected companies listed on these financial markets as the comparables.

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## LETTER FROM THE BOARD

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The Valuer has then adjusted the price-earning ratio for the differences in characteristics between AAM and the comparable companies. Different companies are exposed to different levels of risk, in terms of industry risk, size premium, country risk and other relevant specific risk, etc. Therefore, the multiples of comparable companies should be adjusted so that they reflect the risk of AAM. In the course of the valuation, the Valuer has assessed the risk relative to the comparable companies by making reference to their sizes and listing locations, and accordingly adjusted the multiples upward or downward where appropriate based on the differences.

Finally, the price-earning ratio is the mean excluding outliers of the price-earning ratios of comparable companies as the multiple due to the following reasons: (1) mean is commonly adopted and takes into account of all the values of the comparable companies; and (2) mean excluding outliers are not influenced by extreme values.

The Valuer was of the opinion that, on 17 November 2022, the market value of 100% equity interest of AAM was in the sum of HK\$16,577,000, the details of which are set out in “Appendix I – Valuation report of AAM”.

The valuation of AAM is based on the going concern premise and conducted on a market value basis. In determining the market value of 100% equity interest of AAM, the Valuer has adopted the “Guideline Public Company Method” under the market approach in the valuation of AAM. Under the Guideline Public Company Method, the Valuer selected P/E multiple (given AAM was profit making during the year ended 31 October 2022 and in general, earnings of a business entity is the primary determinant of value). Furthermore, P/E multiple is one of the most commonly adopted price multiples in valuing financial institutions.

The Vendor shall not be entitled to any Earnout unless the Vendor has not breached any provision of the Sale and Purchase Agreement prior to the Relevant Date and the following conditions precedent are satisfied or fulfilled by the first anniversary of the Completion Date:

- (a) Completion having taken place on the Completion Date in accordance with the Sale and Purchase Agreement;
- (b) the Completion Audited Accounts having been prepared within thirty (30) Business Days of the Completion Date in which it shall be specifically confirmed that with the Waiver having been granted, no money is due and owing by any of the Target Companies to the Vendor or any other party, and the Purchaser being satisfied with the content of the Completion Audited Accounts;
- (c) AIF having continuously managed the Anli Greater China Opportunity Fund Segregated Portfolio and the Anli Opportunity Fund Segregated Portfolio at all times from the Completion Date to the first anniversary of the Completion Date (both days inclusive);

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## LETTER FROM THE BOARD

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- (d) the licence of AAM to carry on type 9 (asset management) regulated activity as defined in the SFO under Central Entity No. AEL743 (the “**Licence**”) not having been varied, revoked, suspended, cancelled, withdrawn or otherwise affected in any manner or threatened to be varied, revoked, suspended, cancelled, withdrawn or otherwise affected in any manner at any time prior to the Completion;
- (e) such responsible officers and authorised representatives of AAM as specifically identified by the Purchaser having continued, and the Vendor having procured them to continue, working for AAM on their respective current remuneration package from the Completion Date to the first anniversary of the Completion Date (both days inclusive) or further and/or in the alternative, the Vendor having procured such engagement of responsible officers and/or authorised representatives to the satisfaction of the Purchaser at all times from the Completion Date to the first anniversary of the Completion Date (both days inclusive); and
- (f) during the period commencing on the Completion Date and expiring on the first anniversary of the Completion Date (both days inclusive), the Target Companies not having conducted any business other than, or beyond the scope of, their respective usual business prior to the date of execution of the Sale and Purchase Agreement.

The Earnout, if any, shall be settled by the Purchaser’s procuring the Company to allot and issue the Further Shares to the Vendor. The entire portfolio of Further Shares shall not exceed 154,035,736 new Shares.

The aggregate of the Consideration and the maximum of the Earnout will amount to HK\$40 million.

The Consideration and the Earnout was determined after arm’s length negotiations between the Purchaser and the Vendor on normal commercial terms, with reference to (i) the track record of the Target Companies, (ii) the net asset value of approximately HK\$8,016,434 of the Target Companies as at 31 October 2022, (iii) the potential synergy benefits generated through the Acquisition to the Group, in particular, the Acquisition will accelerate the development of the Company’s asset management business, strengthen the investment professional team, diversify its client base and generate revenue and earnings for the Company; and (iv) the calculation of the Earnout with reference to the projected price-earning ratio of the market comparables of the same industry of the Target Companies with the cap of HK\$40 million of the aggregate of the Consideration and the Earnout. As such, the Directors are of the view that the Consideration and the Earnout is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **The Consideration Shares, the Further Shares and the Issue Price**

#### *Consideration Shares*

The 92,421,442 Consideration Shares represent:

- (i) approximately 4.45% of the total number of issued Shares of the Company as at the Latest Practicable Date;
- (ii) approximately 4.26% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares); and
- (iii) approximately 3.98% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares and the Further Shares immediately after the Completion and the Relevant Date, respectively (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares and the Further Shares).

#### *Further Shares*

The maximum of 154,035,736 Further Shares represent:

- (i) approximately 7.41% of the total number of issued Shares of the Company as at the Latest Practicable Date;
- (ii) approximately 7.10% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares); and
- (iii) approximately 6.63% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares and the Further Shares immediately after the Completion and the Relevant Date, respectively (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares and the Further Shares).

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## LETTER FROM THE BOARD

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### *Issue Price*

The Issue Price of HK\$0.1623 represents:

- (i) a premium of approximately 17.61% over the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 0.43% to the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 0.18% to the average closing price of approximately HK\$0.1626 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iv) a discount of approximately 60.99% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$0.4161 (based on the latest published unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$864,826,000 as at 30 June 2022 and 2,078,601,598 Shares in issue).

The Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to, among others, the prevailing market prices of the Shares. The Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares and the Further Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Further Shares.

The Consideration Shares and the Further Shares (if any) will be allotted and issued under the Specific Mandate to be approved by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM.

### **Conditions precedent of the Acquisition**

The Completion shall be subject to the following conditions precedent:

- (a) the Specific Mandate having been granted;
- (b) all necessary consents, confirmations, permits, approvals (including approval of the Acquisition by the Shareholders, if required), licenses and authorisations having been granted by the SFC, the Stock Exchange and, if so required, other relevant governmental departments and/or regulatory authorities in Hong Kong with respect to and/or in connection with the Acquisition as well as the implementation of the Sale and Purchase Agreement, in particular, the approval by SFC to the application of the Purchaser to be the sole shareholder of AAM (collectively, the "**Necessary Approvals**") which Necessary Approvals shall remain valid and effective up to and including the time immediately prior to Completion and not threatened with any revocation, withdrawal, cancellation or suspension at any time prior to the Completion;

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## LETTER FROM THE BOARD

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- (c) the Licence not having been varied, revoked, suspended, cancelled, withdrawn or otherwise affected in any manner up to the Completion or threatened to be varied, revoked, suspended, cancelled, withdrawn or otherwise affected in any manner at any time prior to the Completion;
- (d) trading of the Shares on the Stock Exchange not having been suspended for a continuous period of more than thirty (30) trading days (save in respect of any suspension in trading of the Shares for the purposes of clearing the relevant announcement(s) or otherwise in relation to the Acquisition);
- (e) the listing status of the Shares not having been revoked, cancelled, withdrawn or suspended, or further or in the alternative, threatened with any revocation, cancellation, withdrawal or suspension at any time prior to Completion;
- (f) the Shareholding Structure (as defined and shown in the section headed “**SHAREHOLDING STRUCTURE OF THE TARGET COMPANIES**” below) remaining intact, with the Vendor remaining as the sole legal and beneficial owner of the Sale Shares free from any encumbrance whatsoever;
- (g) the Stock Exchange having granted listing approval for the Consideration Shares and the Further Shares;
- (h) the Waiver having been granted;
- (i) there not having been any material adverse change in the respective financial position of AAM and AIF from 31 October 2021 for AAM and 31 October 2022 for AIF, respectively, up to and inclusive of the Completion Date;
- (j) the Purchaser having completed due diligence examinations on compliance, legal, commercial, financial, management and such other aspects of the respective Target Companies as the Purchaser deems fit and appropriate (the “**DD Examinations**”), with the results of the DD Examinations being satisfactory to the Purchaser;
- (k) the Target Companies not having been disciplined or threatened with any disciplinary action, and not having been subject to any investigation by the SFC, the Stock Exchange, other relevant governmental departments and/or regulatory authorities in Hong Kong up to the Completion; and
- (l) the Vendor’s representations, warranties and undertakings given by the Vendor contained or referred to in the Sale and Purchase Agreement, including certain provisions in the Sale and Purchase Agreement, remaining true and accurate in all respects at the Completion.

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## LETTER FROM THE BOARD

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Save and except such conditions precedent as set out in conditions precedent (i) to (l) above which may be waived in whole or in part by the Purchaser unilaterally at any time no later than the Long Stop Date by notice in writing to the Vendor, none of the conditions precedent above can be waived by any Party. The Parties shall use their respective best endeavours to ensure that the conditions precedent above (save and except such conditions precedent which has/have been waived by the Purchaser unilaterally pursuant to the foregoing provisions of this paragraph) shall be fulfilled and/or satisfied as soon as possible after the execution of the Sale and Purchase Agreement, and in any event, no later than the Long Stop Date as set out in the paragraph below.

Save as otherwise stated, if any conditions precedent above (save and except such conditions precedent which have been waived by the Purchaser in accordance with the above paragraph) shall not have been fulfilled or satisfied by 5:00 pm on the Long Stop Date, the Sale and Purchase Agreement shall, unless the Parties agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect except for certain clauses in the Sale and Purchase Agreement which shall remain valid, binding and effective, and none of the Parties shall have any claim of any nature or liabilities thereunder whatsoever against the other Party save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Without prejudice to any provision of the Sale and Purchase Agreement, if any conditions precedent above (save and except such conditions precedent which have been waived by the Purchaser in accordance with the aforementioned paragraph) shall not have been fulfilled or satisfied by the Long Stop Date, no completion shall take place on the date initially scheduled to be the Completion Date, and no Consideration Shares or Further Shares shall have to be allotted or issued by the Company to the Vendor at all.

As at the Latest Practicable Date, none of the conditions precedent has been satisfied or fulfilled. Further, condition precedent (i) to (l) above have not been waived by the Purchaser and the Purchaser has no intention to waive any of the above conditions precedent.

### **Completion**

Subject to the conditions precedent of the Acquisition above having been fulfilled and/or satisfied or waived, the Completion shall take place on the Completion Date (or such other time as shall be mutually agreed by the Parties in writing).

Upon the Completion, AAM will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company, whereas AIF will be treated as investee company by the Purchaser and its financial results will not be consolidated into the financial statements of the Company.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding in Hong Kong.



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## LETTER FROM THE BOARD

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### INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability. Its subsidiaries are principally engaged in provision of financial services including securities brokerage business, asset management, provision of financial communication service, advising on securities and digital media. As at the Latest Practicable Date, it is beneficially owned as to 80.66% by Wong Wai Hong, 9.67% by Lu Zhonglou and 9.67% by Sun Ruimin, respectively.

The Vendor is a client of VC Finance Limited, a fellow subsidiary of the Purchaser. VC Finance Limited has granted a loan to the Vendor on 3 August 2021 and subsequently renewed on 31 December 2021 and 31 March 2022. The grant of the loan did not constitute a notifiable transaction to the Company.

### INFORMATION ON THE TARGET COMPANIES

#### AAM

AAM is a company incorporated in Hong Kong with limited liability and is licensed by the SFC to carry out type 9 (asset management) regulated activity as defined in the SFO. AAM is principally engaged in asset/fund management. As at the Latest Practicable Date, it is beneficially owned as to 100% by the Vendor.

The summary of the audited financial information of AAM for the year ended 31 October 2020 and 31 October 2021 is set out as follows:

	<b>For the years ended</b>	
	<b>31 October</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$</b>	<b>HK\$</b>
Revenue	<b>2,273,133</b>	4,565,821
(Loss)/profit before taxation	<b>(3,069,379)</b>	22,903
Net (loss)/profit after taxation	<b>(2,539,340)</b>	21,021

AAM incurred net loss for the year ended 31 October 2021 as its operating income was not sufficient to cover its operating expenses. The operating income comprised of management fee and performance fee derived from its asset management services. The operating costs mainly comprised of staff costs, trading and information system costs, and general office administration expenses. As comparing to the year ended 31 October 2020, the net loss for the year ended 31 October 2021 was mainly due to an increase of staff costs and a decrease of management fee income from the intra-group company because of the decrease in demand for the relevant service.

The net asset values of AAM were approximately HK\$935,028 as at 31 October 2021 and HK\$629,368 as at 31 October 2020 according to its audited statement of financial position as at 31 October 2021.

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## LETTER FROM THE BOARD

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The summary of the unaudited financial information of AAM for the year ended 31 October 2022 is set out below:

	<b>For the year ended</b> <b>31 October</b> <b>2022</b> <b>HK\$</b> <i>Approximately</i>
<b>Revenue</b>	<b>11,443,952</b>
Net profit (before taxation) for the year	<b>3,151,404</b>

The net asset value of AAM was approximately HK\$8,016,434 according to its unaudited balance sheet as at 31 October 2022.

On 7 July 2021, AAM and AIF entered into the Investment Management Agreement, pursuant to which AAM was appointed by AIF to provide investment management services for the segregated portfolios.

### **AIF**

AIF is an exempted segregated portfolio company limited by shares duly incorporated in the Cayman Islands. It is established for the management of segregated portfolios. Save as the entire 100 Management Shares, a total of 21,478.625 Participating Shares have been issued as at the Latest Practicable Date. To the best of the Directors' knowledge, the 21,478.625 Participating Shares are owned as to individuals and entities that are independent to the Vendor, the Purchaser and the Company.

The Management Shares shall only be issued at par value for cash and to such person or persons as the directors of AIF may determine. The holder of a Management Share (in respect of such share) have the right to receive notice of, attend at and vote as a member at any general meeting of AIF. Management Shares shall confer upon the holder thereof rights in a winding up in accordance with the provisions of these articles of association of AIF but shall confer no other right to participate in the profits or assets of AIF.

The holder of a Participating Share shall (in respect of such share) not have the right to receive notice of, attend at and vote as a member of any general meeting of AIF except on a modification of rights issue as provided in these articles of association of AIF or, if a holder of a Management Share resolves to relinquish its right to appoint and remove the directors of AIF, on any resolution to appoint or remove a director of AIF. The Participating Shares shall (a) be redeemable by AIF or at the option of the holders thereof; (b) be entitled to any dividends declared by AIF from the segregated portfolio in which such Participating Share participates; and (c) confer upon the holders thereof rights in a winding up of a segregated portfolio or AIF, all in accordance with the provisions of these articles of association of AIF.

## LETTER FROM THE BOARD

AIF was incorporated on 4 May 2021. The summary of the unaudited financial information of AIF for the ten months ended 31 October 2022 and for the eight months ended 31 December 2021 are set out below:

	For the ten months ended 31 October 2022 HK\$	From 4 May 2021 to 31 December 2021 HK\$
Revenue	0	0
Net loss	(7.85)	0

The net asset value of AIF was HK\$nil as at 31 October 2022 and HK\$7.85 as at 31 December 2021 according to its unaudited balance sheet.

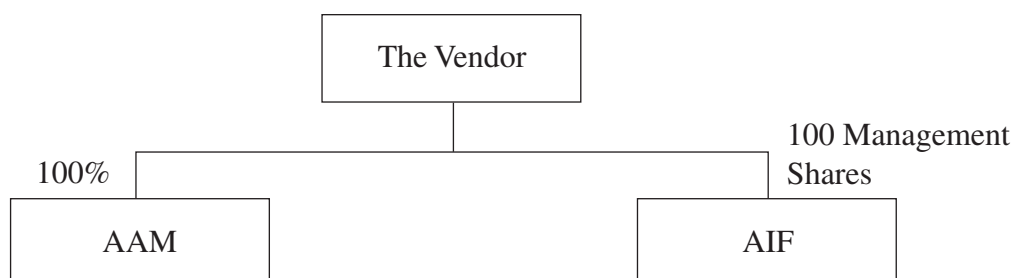
AIF is an exempted segregated portfolio company limited by shares duly incorporated in the Cayman Islands. AAM is a company incorporated in Hong Kong with limited liability and a licensed corporation by the SFC to carry out type 9 (asset management) regulated services under and pursuant to the SFO. AIF entered into the Investment Management Agreement with AAM of which AIF appointed AAM as the investment manager to manage and invest the assets and investments of each of the segregated portfolios of AIF on a discretionary basis in pursuit of the investment objective of the respective segregated portfolio as AAM is a licensed corporation eligible to conduct the relevant business in Hong Kong. In view of this structure, AIF recorded no revenue with net loss for the ten months ended 31 October 2022 (unaudited) and nil net asset value as at 31 October 2022. As the segregated portfolio is owned by the holders of the Participating Shares and AIF does not hold any Participating Shares, the financial results of the segregated portfolio and its assets will not be consolidated into AIF's financial statements according to the Hong Kong Financial Reporting Standards.

For the existing segregated portfolios of AIF, the business plan is to continue generating and delivering attractive returns to the subscribers based on the investment objective of the respective segregated portfolio. AIF is targeting to expand the subscriber base of the existing portfolios in order to increase the assets under management size of such segregated portfolios. In addition to the existing segregated portfolios, the investment managers will continue to develop new investment strategies and incorporate them into new segregated portfolio(s).

### SHAREHOLDING STRUCTURE OF THE TARGET COMPANIES

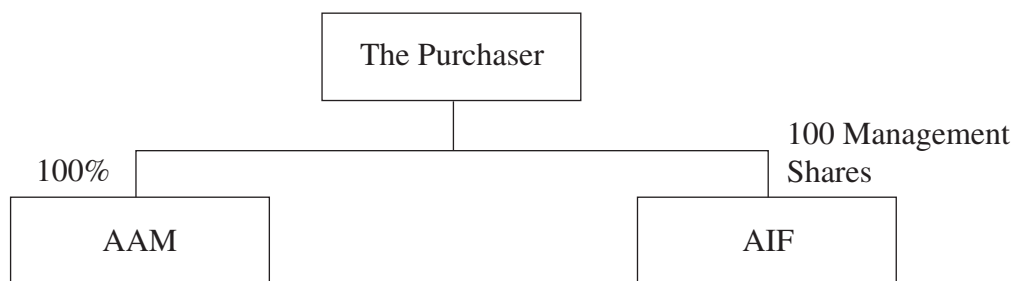
For illustration purposes only, the shareholding structure of the Vendor and the Target Companies (i) as at the date of the Sale and Purchase Agreement (the “**Shareholding Structure**”); and (ii) immediately after the Completion are set out as follows:

- (i) As at the date of the Sale and Purchase Agreement



## LETTER FROM THE BOARD

(ii) Immediately after the Completion



### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Consideration Shares (assuming (a) there will be no change in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares; and (b) no allotment and issue of the Further Shares); and (iii) immediately after the allotment and issue of the Consideration Shares and the Further Shares (assuming (a) there will be no change in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares and the Further Shares; and (b) full allotment and issue of the Further Shares) are set out as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately after the allotment and issue of the Consideration Shares (assuming (a) there will be no change in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares; and (b) no allotment and issue of the Further Shares)		(iii) Immediately after the allotment and issue of the Consideration Shares and the Further Shares (assuming (a) there will be no change in the total number of issued Shares between the Latest Practicable Date and the date of the allotment and issue of the Consideration Shares and the Further Shares; and (b) full allotment and issue of the Further Shares)	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
<i>Directors</i>						
Mr. Wong Chung Kin, Quentin (Note 1)	500,000	0.02%	500,000	0.02%	500,000	0.02%
Mr. Fu Yiu Man, Peter	20,000,000	0.96%	20,000,000	0.92%	20,000,000	0.86%
<i>Substantial Shareholder</i>						
Mr. Chung Chi Shing, Eric ("Mr. Chung") (Note 2)	368,352,000	17.72%	368,352,000	16.97%	368,352,000	15.84%
The Vendor	-	-	92,421,442	4.26%	246,457,178	10.60%
Public Shareholders	1,689,749,598	81.30%	1,689,749,598	77.83%	1,689,749,598	72.68%
<b>Total</b>	<b>2,078,601,598</b>	<b>100.00%</b>	<b>2,171,023,040</b>	<b>100.00%</b>	<b>2,325,058,776</b>	<b>100.00%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. As at the Latest Practicable Date, Mr. Wong Chung Kin, Quentin is beneficially interested in 500,000 Shares, and a total of 1,228,000 share options granted by the Company under the share option scheme on 27 July 2020.
2. As at the Latest Practicable Date, Mr. Chung is beneficially interested in 368,352,000 Shares, and a total of 1,228,000 share options granted by the Company under the share option scheme on 27 July 2020.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's expertise includes (i) provision of financial services comprising securities, options brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage; (ii) proprietary trading; and (iii) sales and marketing of digital assets.

As aforementioned, AAM, being one of the Target Companies, is a licensed corporation to carry out type 9 (asset management) regulated activity under the SFO. The business of AAM therefore aligns with the principal business of the Group. The Group believes that with the brand, reputation and management expertise of the Target Companies, the Company can expand its customer base and improve the quality of asset management services provided. The Directors are of the view that the Acquisition represents a good opportunity for the Company to further expand its business in asset management and enhance its overall status in the industry.

AAM is an investment house based in Asia, specialising in alternative asset management strategies. The key investment objectives are to preserve capital and produce consistent positive absolute returns for investors. AAM was founded in 2005 and is licensed with the Securities and Futures Commission to carry out type 9 regulated activity (asset management) with the licensing conditions that (i) AAM shall not hold client assets and (ii) AAM shall only carry on a business in the management of discretionary accounts and collective investment schemes that are offered to professional investors only. AAM is a boutique financial service company and it offers asset management service mainly to professional investors. Throughout the past years, AAM has built up history, track record and reputation as a proven participant in the asset management industry in Hong Kong.

AAM investment team is led by professionals with extensive knowledge in investment management, risk management and financial research positions. The management team of AAM comprises two investment managers, namely Mr. Yu Wai Hong Johnson ("**Mr. Yu**") and Mr. Kwok Ka Yiu ("**Mr. Kwok**"), who are also the responsible officers of type 9 (asset management) regulated activity of AAM under the SFO.

Mr. Yu is a Certified Public Accountant with the Hong Kong Institution of Certified Public Accountants. He has over 10 years of experience in fund management and asset management and previously served as senior management for numerous financial group and multi-family offices including MCL Financial Group, Lumineux Asset Management and Zeus Asset Management between 2010-2021. Mr. Yu is the head of asset management of AAM and oversees different investment teams which managing portfolios with different investment strategies.

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## LETTER FROM THE BOARD

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Mr. Kwok, a Chartered Financial Analyst, is a renowned stock commentator in Hong Kong and has over 20 years of experience in the financial industry in China and Hong Kong. Mr. Kwok previously served as senior management for numerous local and national renowned financial institutions, including director at Zhenro Asset Management, managing director at China Goldjoy Asset Management, chief strategist at China Yinsheng Asset Management, and vice president of Investment Advisory at Haitong International Securities, etc. Mr. Kwok is the managing director of AAM.

Although a subsidiary of the Company is licensed with SFC to carry out type 9 regulated activity, the Group has not been actively engaged in asset management business in the past and currently does not manage any investment fund. As the Group intends to explore business opportunity in the asset management industry and may set up new funds or segregated portfolios, full and detail operation experience and expertise would be essential to the successful operation. The Company believes that the current experience of the management team of AAM in the operation of AIF which includes from fund set up, sales and marketing, brand building, investment management to settlement and accounting is valuable. Such experience and expertise will definitely facilitate the smooth operation and ensure quality build-up of the asset management services to be provided by the Group in the future.

In view of the basis of the Consideration and the Earnout as mentioned above, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

### EGM

The EGM will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 2 March 2023 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. The proposed resolution will be conducted by way of a poll at the EGM pursuant to Rule 13.39(4) of the Listing Rules and an announcement on the results of the EGM will be made by the Company after the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Acquisition nor will be required to abstain from voting on the resolution to be proposed at the EGM to allot and issue the Consideration Shares and the Further Shares.

### **RECOMMENDATION**

The Board considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate at the EGM.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully  
For and on behalf of the Board  
**Value Convergence Holdings Limited**  
**Fu Yiu Man, Peter**  
*Chairman & Executive Director*

*The following is the full text of the valuation report, for the purpose of incorporation in this circular, issued by Peak Vision Appraisals Limited, an independent valuer, in connection with the valuation of Anli Asset Management Limited as at 17 November 2022.*



**Peak Vision  
Appraisals Limited**

Unit 702, 7<sup>th</sup> Floor, Capital Centre  
No. 151 Gloucester Road  
Wanchai, Hong Kong  
[www.peakval.com](http://www.peakval.com)

Tel (852) 2187 2238

Fax (852) 2187 2239

13 January 2023

The Board of Directors  
Value Convergence Holdings Limited  
6th Floor, Centre Point  
181-185 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest of Anli Asset Management Limited

In accordance with your instruction, we have conducted a valuation of the market value of 100% equity interest of Anli Asset Management Limited (the “**Business Enterprise**”). It is our understanding that the Business Enterprise is a licenced corporation under the Securities and Futures Ordinance and is permitted to carry out regulated activity - asset management in Hong Kong. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of 100% equity interest in the Business Enterprise as at 17 November 2022 (the “**Valuation Date**”).

This report states the purpose of valuation and basis of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.



## **1.0 PURPOSE OF VALUATION**

This report is being prepared solely for the use of the directors and management (together, the “**Management**”) of Value Convergence Holdings Limited (the “**Company**”) for internal reference and incorporation into the circular of the Company in connection with the proposed acquisition of the Business Enterprise. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited. As advised, the Company intends to acquire the entire equity interest in the Business Enterprise.

Peak Vision Appraisals Limited (“**Peak Vision Appraisals**”) acknowledges that this report may be used by the Company as one of the sources of information for the proposed acquisition of the Business Enterprise and may also be made available to the auditor of the Company for auditing reference only. The proposed acquisition, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The Management should be solely responsible for determining the consideration of the proposed acquisition, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the Management in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

## **2.0 BASIS OF VALUE**

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2020 (the “**HKIS Valuation Standards**”) published by the Hong Kong Institute of Surveyors and the International Valuation Standards (Effective 31 January 2022) (the “**IVS**”) published by the International Valuation Standards Council.

Our valuation of the Business Enterprise is based on the going concern premise and conducted on a market value basis. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

## **3.0 SOURCES OF INFORMATION**

In the course of our valuation, we have conducted company visit of the Business Enterprise in December 2022 and had discussion with the Management on the development of the Business Enterprise and the prospect of the asset management services industry in Hong Kong. We have also relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, Refinitiv, Kroll Cost of Capital Navigator, etc.

The major documents and information include the following:

- Copies of certificate(s) or license(s) and other relevant information of the Business Enterprise provided by the Management or extracted from public sources;
- Business registration details of the Business Enterprise;

- Historical financial information such as income statements and balance sheets of the Business Enterprise provided by the Management;
- Operational information of the Business Enterprise as discussed with the Management; and
- Industry and economic data.

We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of market value.

#### 4.0 LIMITATIONS AND RELIANCE ON INFORMATION

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

This report is based upon business, financial and other information provided by the Management. We have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Preparation of this report does not imply that Peak Vision Appraisals has audited in any way the financial information or other records of the Business Enterprise. It is understood that the financial information provided is prepared in accordance with generally accepted accounting principles and has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates.

#### 5.0 BUSINESS ENTERPRISE

Anli Asset Management Limited (the Business Enterprise) is a private company limited by shares established in Hong Kong on 22 December 1997 under C.R. No. 0633362. The following table summarizes the company registration information of the Business Enterprise according to the Integrated Companies Registry Information System (“ICRIS”).

Name	:	Anli Asset Management Limited (the Business Enterprise)
C. R. No.	:	0633362
Company type	:	Private company limited by shares
Incorporation date	:	22 December 1997

*Table 1: Company Registration of the Business Enterprise*  
Source: ICRIS

## 6.0 BUSINESS OVERVIEW

The Business Enterprise is an investment house based in Hong Kong specializing in alternative asset management strategies. The key investment objectives are to preserve capital and produce consistent positive absolute returns for investors.

### 6.1 Details of SFC Type 9 Licence

The Business Enterprise is licenced with the Securities and Futures Commission (the “SFC”) of Hong Kong to carry out regulated activity - asset management in Hong Kong with business address at Room 1901-1902, 19th Floor, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong. Details of the SFC Type 9 Licence of the Business Enterprise are as follows:

Name of corporation	:	Anli Asset Management Limited (the Business Enterprise)
Central entity no.	:	AEL743
Date of licence	:	19 January 2005
Regulated activity	:	Type 9: Asset Management

*Table 2: Details of Type 9 Licence: Asset Management*

*Source: SFC*

Under the Securities and Futures Ordinance (“SFO”), asset management, in relation to a person, means providing a service of managing a portfolio of securities or futures contracts for another person by the person.

### 6.2 Key Members of the Business Enterprise

The management team of the Business Enterprise comprises two investment managers, namely Mr. Yu Wai Hong Johnson (“**Mr. Yu**”) and Mr. Kwok Ka Yiu (“**Mr. Kwok**”), who are also the responsible officers of type 9 (asset management) regulated activity of the Business Enterprise under the SFO.

Mr. Yu is a Certified Public Accountant with the Hong Kong Institution of Certified Public Accountants. He has over 10 years of experience in fund management and asset management and previously served as senior management for numerous financial group and multi-family offices including MCL Financial Group, Lumineux Asset Management and Zeus Asset Management between 2010-2021. Mr. Yu is the head of asset management of the Business Enterprise and oversees different investment teams which managing portfolios with different investment strategies.

Mr. Kwok, CFA, is a renowned stock commentator in Hong Kong and has over 20 years of experience in the financial industry in China and Hong Kong. Mr. Kwok previously served as senior management for numerous local and national renowned financial institutions, including director at Zhenro Asset Management, managing director at China Goldjoy Asset Management, chief strategist at China Yinsheng Asset Management, and vice president of Investment Advisory at Haitong International Securities, etc. Mr. Kwok is the managing director of the Business Enterprise.

As at the Valuation Date, including the above key members, the Business Enterprise had a total of 3 Responsible Officers and 4 Representatives licenced with the SFC.

### **6.3 Portfolios Managed by the Business Enterprise**

As at the Valuation Date, the Business Enterprise was managing the following 2 portfolios, including Anli Greater China Opportunity Fund Segregated Portfolio and Anli Opportunity Fund Segregated Portfolio.

#### ***Anli Greater China Opportunity Fund Segregated Portfolio***

Anli Greater China Opportunity Fund Segregated Portfolio is a fund aiming to achieve long-term capital appreciation by building a focused portfolio primarily of equity securities of China-related companies that are listed on stock exchanges in the People's Republic of China (the "PRC" or "China"), Stock Exchange of Hong Kong Limited or on major/recognized stock exchanges in other jurisdictions. The fund may also invest a certain percentage of its available net asset value in fixed income securities of China related companies.

As an investor of the fund, investor may redeem the investment on the 16th day of each calendar month at the redemption price equals to the net asset value per share at the relevant valuation date, subject to other terms and conditions.

According to the fund document, the Business Enterprise is entitled to a monthly fee of 0.333% (i.e. 4% per annum), calculated monthly on each valuation date of the applicable value of the fund on the date and payable monthly in arrears. Furthermore, the Business Enterprise is also entitled to a performance fee of each performance period (i.e. a calendar month) at a rate of 20% of the appreciation in the net asset value above the respective high water mark during the performance period.

Based on the financial information provided, the fund had a net asset value of approximately HK\$106.2 million as at the Valuation Date.

### *Anli Opportunity Fund Segregated Portfolio*

Anli Opportunity Fund Segregated Portfolio is a fund aiming to achieve stable and consistent return for its class A shareholders and medium to long term capital appreciation for its class B shareholders by primarily investing into debt securities, credits, loans and debt instruments. The fund may also invest in listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, and other financial instruments.

According to the fund document, subscription of the fund can be made on the first business day of each calendar month and/or any such other day or days as the directors of the fund may determine, subject to other terms and conditions. Subject to the lock-up period, i.e. a period of 12 calendar months commencing on the issue of such shares or such shorter period as the directors may determine, shareholder may redeem the investment on the first business day of each calendar quarter, being January, April, July and October at a redemption price equals to the net asset value per share of the class A shares or the class B shares (adjusted following the profit and loss allocation) at the relevant valuation date, subject to other terms and conditions.

According to the fund document, the Business Enterprise is entitled to a monthly fee of 0.167% (i.e. 2% per annum), calculated monthly on each valuation date of the applicable value of the fund on the date and payable monthly in arrears.

Based on the financial information provided, the fund had a net asset value of approximately HK\$20.1 million as at the Valuation Date.

#### **6.4 Historical Financial Performance and Position**

According to the financial information of the Business Enterprise, for the trailing twelve months ended 31 October 2022, the Business Enterprise recognised management fee income of approximately HK\$11.20 million and recorded profit before tax of approximately HK\$3.15 million during the corresponding period. As at the Valuation Date, the Business Enterprise had a net asset value of approximately HK\$8.02 million.

#### **7.0 INVESTIGATION AND ANALYSIS**

Our investigation included discussion with the Management in relation to the asset management services industry in Hong Kong, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information and other pertinent data concerning the Business Enterprise provided to us by the Management.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Business Enterprise;
- Historical information of the Business Enterprise;
- Financial performances and positions of the Business Enterprise;
- Proposed business development of the Business Enterprise;
- Regulations and rules of the asset management services industry in Hong Kong;
- Economic and industry data affecting the asset management services industry and other dependent industries;
- Market-derived investment return(s) of similar business; and
- Industry and economic data.

## **8.0 GENERAL VALUATION APPROACHES AND METHODS**

There are three generally accepted approaches to obtain the market value of the business subject, namely the Market Approach, the Asset Approach and the Income Approach. Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation. It is also common practice to employ a number of valuation methods under each approach. Therefore, no single business valuation approach or method is definitive.

### **8.1 Market Approach**

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

## **8.2 Asset Approach**

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the fund that has been made available to purchase the business assets needed.

This fund comes from investors who buy stocks of the business entity (equity) and investors who lend fund to the business entity (debt). After collecting the total amounts of fund from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the value of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle “assets minus liabilities”, to arrive at the value of the equity interest of the business entity.

## **8.3 Income Approach**

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

## 9.0 VALUATION ANALYSIS

### 9.1 Valuation Methodology

In the process of valuing the business subject, we have considered the nature of the Business Enterprise, specialty of its operations, its current condition, and the industry it is participating. Having considered the three general valuation approaches, we consider that the Market Approach would be appropriate and reasonable in the valuation of the market value of the Business Enterprise.

In this valuation, the Income Approach is not adopted as long-term forecasts are unavailable. The Asset Approach is not applied as the valuation of the Business Enterprise is conducted on a going concern basis, and the summation of its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. We have therefore solely relied on the Market Approach in determining our opinion of value.

Under the Market Approach, we have considered two commonly used methods of valuation, the Guideline Public Company Method and the Comparable Transaction Method. The Guideline Public Company Method is applied as there are a certain number of public traded companies engaged in the same or similar line of business as the Business Enterprise that can be identified. The shares of these publicly traded companies are actively traded in free and open markets and provide valid indicators of value to permit meaningful comparison. The application of the Comparable Transaction Method is limited as there are insufficient comparable transactions to form a reliable opinion of value.

For the valuation of the Business Enterprise, we have employed the price to earnings (“**P/E**”) ratio. We consider P/E ratio to be the most appropriate multiple in valuing the Business Enterprise when compared to other commonly adopted price multiples such as price to sale (“**P/S**”) and price to book (“**P/B**”) ratios in valuing financial institutions due for the following reasons:

- Earnings is the primary determinant of value; and
- Price to sale (P/S) and price to book (P/B) ratios do not account for the profitability of the business, and fail to reflect the true earnings power and value of the business.



## 9.2 Comparable Companies

In the course of our valuation, we have identified a total of 17 guideline public companies for our analysis. Since the Business Enterprise is principally engaged in asset management business, there are no perfect match of comparable companies with exactly the same financial performance, business operations and risk profile as the business subject. However, the comparable companies we identified are also engaged in the asset management services industry and therefore we consider they are subject to similar business, industry and economic risks and rewards as the Business Enterprise. Selection criteria of comparable companies are listed as follows:

- a. Companies that are actively traded and publicly listed in developed financial markets including Hong Kong and China, Japan, the United States, the United Kingdom and Western Europe (mainly Germany and France, given they are the largest economies in Western Europe)<sup>(1)</sup>;
- b. Over 50% of the revenue is derived from asset management/fund management fees; and
- c. Profit making.

<sup>(1)</sup> *Given that only very limited comparable companies were listed in Hong Kong and China with similar operations as the Business Enterprise (i.e. income mainly derived from asset management/fund management fees) which were profit making, we have expanded our comparable selection criteria to include asset management/fund management companies listed in the top financial markets (including the United States, Japan, the United Kingdom and Western Europe (Germany and France as the largest economies in Europe). We consider asset management/fund management companies in these active, free, well developed financial markets would offer similar products, having similar income structure, and also facing similar industry risk and rewards as the Business Enterprise, thus, we selected companies listed on these financial markets as our comparables.*

Based on our search of the Refinitiv database using the criteria above, the 17 guideline public companies are set out below:

<b>Refinitiv Ticker</b>	<b>Company Name</b>
1359.HK	China Cinda Asset Management Co., Ltd.
1821.HK	ESR Group Ltd.
8313.HK	ZACD Group Ltd.
000567.SZ	Hainan Haide Capital Management Co., Ltd.
3266.T	Fund Creation Group Co., Ltd.
4765.T	Morningstar Japan KK
BLK.N	BlackRock Inc.
IVZ.N	Invesco Ltd.
JHG.N	Janus Henderson Group PLC
IPX.L	Impax Asset Management Group PLC
JUP.L	Jupiter Fund Management PLC
LIO.L	Liontrust Asset Management PLC
SDR.L	Schroders PLC
CPXG.DE	Capsensixx AG
MPCKk.DE	MPC Muenchmeyer Petersen Capital AG
AMUN.PA	Amundi SA
TKOO.PA	Tikehau Capital SCA

*Table 3: Comparable guideline public companies*

*Source: Refinitiv, Peak Vision Appraisals*

The above comparable companies, together with the Business Enterprise, are subject to similar fluctuations in the economy and performance of the asset management services industry, among other factors. Thus, we consider they are confronted with similar risks and rewards.

### **9.3 Multiple Ratios**

In order to form a meaningful and fair valuation, we have adjusted the differences in characteristics between the Business Enterprise and the comparable companies.

Different companies are exposed to different levels of risk, in terms of industry risk, size premium, country risk and other relevant specific risk, etc. Therefore, the multiples of comparable companies should be adjusted so that they reflect the risk of the Business Enterprise. In the course of our valuation, we have assessed the risk relative to the comparable companies by making reference to their sizes and listing locations, and accordingly adjusted the multiples upward or downward where appropriate based on the differences.

A number of studies were conducted in the United States which concludes that the risk premium associated with a small company is over and above the amount that would be warranted. An investor would demand more in order to compensate for the additional risk over that of the entire stock market when investing in a small size company. Thus, in this appraisal, the comparable company multiples are size-adjusted with reference to “Adjusting Guideline Multiples for Size” by Mattson, Shannon and Drysdale published in September/October 2001 Valuation Strategies, with the following formula adopted in deriving the size adjustment:

$$\text{Adjusted Multiple} = \frac{1}{\frac{1}{\text{Multiple}} + \text{Size differentials}^*}$$

In the course of our valuation, we have made reference to Cost of Capital by Kroll Cost of Capital Navigator as at 31 December 2021 for the size differentials.

Based on the above formula, we have further added the differentials of country risk premiums, determined with reference to the data published on Damodaran Online<sup>(1)</sup> (<http://pages.stern.nyu.edu/~adamodar/>), updated in 2022.

(1) Damodaran Online is prepared by Aswath Damodaran, who is currently a Professor of Finance at the Stern School of Business at New York University. Mr. Damodaran has published several books, including four books on equity valuation and two on corporate finance. He has also published papers in the Journal of Financial and Quantitative Analysis, the Journal of Finance, the Journal of Financial Economics and the Review of Financial Studies.

The unadjusted and adjusted multiples are presented as follows:

Refinitiv Ticker	Name	Multiple Ratio Adjusted <sup>(1)</sup>	
		P/E	P/E
1359.HK	China Cinda Asset Management Co., Ltd.	4.38	3.96 <sup>(2)</sup>
1821.HK	ESR Group Ltd.	19.26	13.14
8313.HK	ZACD Group Ltd.	2.60	2.60 <sup>(2)</sup>
000567.SZ	Hainan Haide Capital Management Co., Ltd.	18.53	14.09
3266.T	Fund Creation Group Co., Ltd.	14.68	14.90 <sup>(2)</sup>
4765.T	Morningstar Japan KK	17.95	18.27 <sup>(2)</sup>
BLK.N	BlackRock Inc.	19.44	12.25
IVZ.N	Invesco Ltd.	8.22	6.59
JHG.N	Janus Henderson Group PLC	7.15	5.88
IPX.L	Impax Asset Management Group PLC	16.28	12.59
JUP.L	Jupiter Fund Management PLC	5.01	4.59 <sup>(2)</sup>
LIO.L	Liontrust Asset Management PLC	9.74	8.29
SDR.L	Schroders PLC	10.50	8.37
CPXG.DE	Capsensixx AG	14.73	13.54
MPCKk.DE	MPC Muenchmeyer Petersen Capital AG	10.16	9.58
AMUN.PA	Amundi SA	9.50	7.66
TKOO.PA	Tikehau Capital SCA	21.42	13.90
	Mean		10.01
	Standard deviation		4.46
	Mean excluding outliers <sup>(2)</sup>		10.49
	Applied ratio		10.49

\* *Figures above are subject to rounding*

Notes:

- (1) Adjusted for size premium and country risk premium
- (2) Sample values outside one standard deviation of the mean are determined as outliers.

Based on the above table, the adjusted P/E ratios of the comparable companies ranged from the minimum of 2.60x to the maximum of 18.27x, resulting in a mean of approximately 10.01x and mean excluding outliers of approximately 10.49x.

We have adopted the mean excluding outliers as our multiple due to the following reasons: (1) mean is commonly adopted and takes into account of all the values of the comparable companies; and (2) mean excluding outliers are not influenced by extreme values. We then applied the multiple to the corresponding measurement base, which is based on the normalized financial information of the Business Enterprise provided by the Management.

Based on the financial information provided by the Management, the normalized annual net profit of the Business Enterprise as at the Valuation Date was approximately HK\$1,646,000.

#### **9.4 Control Premium**

A control premium is the premium an investor is willing to pay in addition to a marketable minority equity value to obtain controlling interest in a business subject. The published market price of the identified comparable companies represents the market transaction of minority interests, therefore adjustment has been made to reflect the degree of control associated with a 100% equity interest in the Business Enterprise. Based on research published by Mergerstat Control Premium Study<sup>(1)</sup>, the overall control premium as at the Valuation Date is estimated to be approximately 20%.

*Note:*

- (1) Mergerstat Control Premium Study is a study examining transactions whereby 50.01% or more of a company was acquired. Mergerstat Control Premium Study is published by Factset, a multinational financial data and Software Company founded in 1978, went public in 1996 and currently dual listed on the New York Stock Exchange and the NASDAQ. Factset provides financial information and analytic software for investment professionals. According to Factset website, data of Factset was used by AP Associated Press, Barrons's, CNNMoney.com, The Wall Street Journal, MarketWatch from DowJones, etc.

#### **9.5 Lack of Marketability Discount**

We have adopted a lack of marketability discount of approximately 20% as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The discount of 20% was determined with reference to Stout Restricted Stock Study Companion Guide (2021 Edition). In general, the lack of marketability discount for ownership interest in private companies can range from 3% to 35% according to empirical research.

### 9.6 Valuation Summary

Based on our analysis, the mean excluding outliers of the adjusted P/E ratio of the comparable companies was approximately 10.49x. By applying the normalized annual net profit of approximately HK\$1,646,000 of the Business Enterprise, and adjusting for control premium (in accordance with *Section 9.4*) and lack of marketability discount (in accordance with *Section 9.5*), we are of the opinion that the market value of 100% equity interest in the Business Enterprise as at the Valuation Date was in the sum of **HK\$16,577,000 (HONG KONG DOLLARS SIXTEEN MILLION FIVE HUNDRED AND SEVENTY SEVEN THOUSAND ONLY)**. Our calculation is tabulated as follows:

	<i>(HK\$)</i>
Applied P/E ratio	10.49x
Multiplication factor (normalized annual net profit)	<u>1,646,000</u>
	17,268,000
Adjustments:	
Add: Control premium	<u>3,453,000</u>
	20,721,000
Less: Lack of marketability discount	<u>(4,144,000)</u>
<b>Market Value of 100% Equity Interest of the Business Enterprise</b>	<b><u><u>16,577,000</u></u></b>

### 10.0 VALUATION ASSUMPTIONS

- For the Business Enterprise to continue as a going concern, the Business Enterprise will successfully carry out all necessary activities for the development of its business;
- Key management, competent personnel, professional and technical staff will all be retained to support the ongoing operations of the Business Enterprise;
- The availability of finance will not be a constraint on the forecast growth of the Business Enterprise's operations in accordance with the business plans;
- Market trends and conditions where the Business Enterprise operates will not deviate significantly from the economic forecasts in general;
- The financial information of the Business Enterprise as supplied to us have been prepared in a manner which truly and accurately reflect the financial performances and positions of the Business Enterprise as at the respective financial statement dates;
- There will be no material changes in the business strategy of the Business Enterprise and its operating structure;

- Interest rates and exchange rates in the localities for the operations of the Business Enterprise will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Business Enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the Business Enterprise.

### **11.0 LIMITING CONDITIONS**

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for the accuracies.

We have relied to a considerable extent on the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibility for operational and financial information that has not been provided to us is accepted.

Certain facts, information, statistics and data relating to the economic and industry overview that are presented in this report are derived from publicly available official government sources as well as industry reports prepared by external independent market researchers. We are of the view that the sources of this information are appropriate sources for such information and have exercised reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, and thus no representation is given as to its accuracy or correctness, and accordingly, it should not be unduly relied on.

We have not investigated the title to or any legal liabilities against the Business Enterprise and have assumed no responsibility for the title to or any legal liabilities against the Business Enterprise. In forming our opinion, we have assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.

To the extent that there are legal issues relating to financial instruments, assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Peak Vision Appraisals assumes no responsibility and offers no legal opinion or interpretation on any issue.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Company/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

Our valuation has been prepared based on the economic, market and other conditions as they existed on, and information made available to us as of the Valuation Date only. It has come to our attention that the outbreak of Coronavirus Disease (COVID-19) has caused significant disruption to economic activities around the world. It is uncertain how long the disruption will last and to what extent it will affect the economy and it may cause volatility and uncertainty such that the input parameters and assumptions adopted in our valuation may change significantly and unexpectedly over a short period of time. It should therefore be noted that any market volatility, policy, geopolitical and social changes or other circumstances after the Valuation Date may affect the market value of the Business Enterprise after the Valuation Date.

## **12.0 REMARKS**

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HK\$).

The Management has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

We hereby confirm that we have no material connection or involvement with the Business Enterprise, the Company and its subsidiaries and associated companies, or the value reported herein and that we are in a position to provide an objective and unbiased valuation.



**13.0 OPINION OF VALUE**

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions appended above, we are of the opinion that the market value of 100% equity interest in the Business Enterprise as at the Valuation Date was in the sum of **HK\$16,577,000 (HONG KONG DOLLARS SIXTEEN MILLION FIVE HUNDRED AND SEVENTY SEVEN THOUSAND ONLY)**.

Yours faithfully,

For and on behalf of

**Peak Vision Appraisals Limited**

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Nick C. L. Kung *MRICS, MHKIS, RPS (G.P.), RICS Registered Valuer, MCIREA*

Director

Corporate Valuations

# Appendix I

## Industry Overview

According to “Asset and Wealth Management Activities Survey 2021” released by Securities and Futures Commission (SFC), Amidst the fast-changing, challenging environment facing many markets, Hong Kong’s asset and wealth management business remained resilient, with a 2% year-on-year increase in asset under management (“AUM”) to \$35,546 billion (US\$4,558 billion).

As at 31 December 2021, the AUM of the asset management and fund advisory business conducted by licensed corporations and registered institutions increased year-on-year by 8% to \$25,888 billion (US\$3,320 billion).

A main component of Hong Kong’s asset and wealth management business, the asset management and fund advisory business recorded a year-on-year increase of 8% to \$25,888 billion as at 31 December 2021.

The asset management and fund advisory business recorded net fund inflows of \$1,514 billion for 2021 (2020: \$1,379 billion), representing a 10% year-on-year increase.

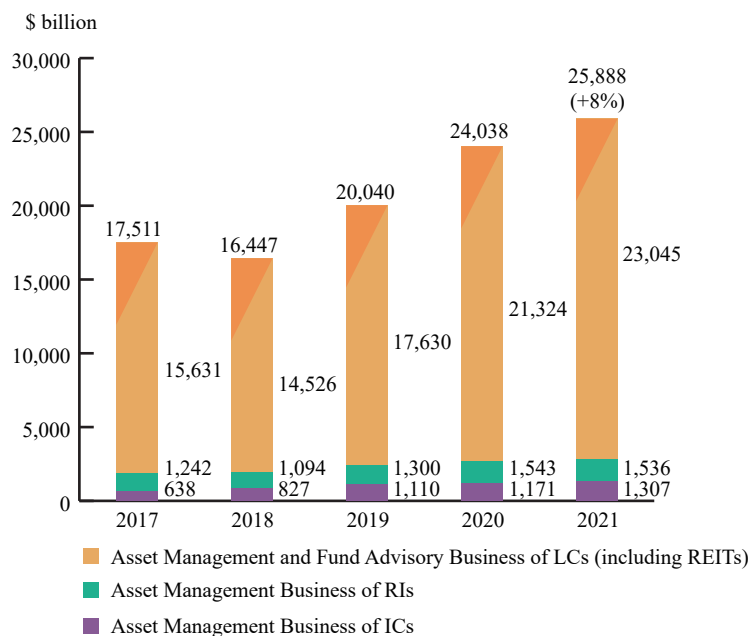


Figure 1: Asset management and fund advisory business

Source: SFC

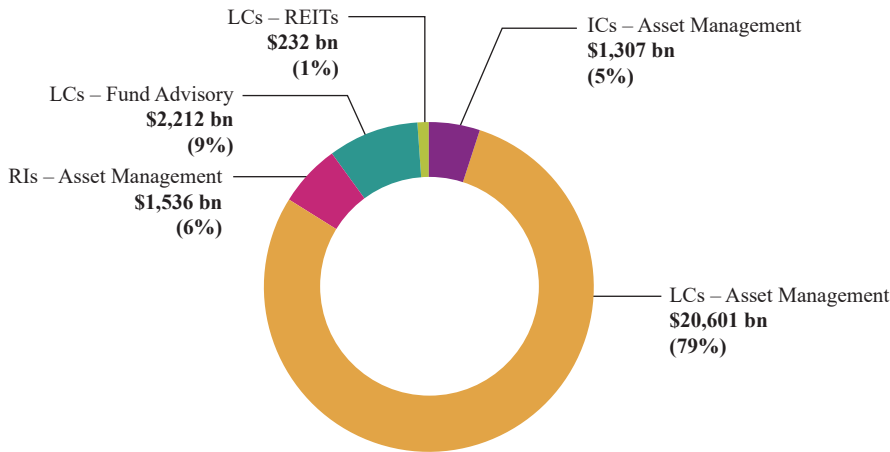


Figure 2: Asset management and fund advisory business (\$25,888 billion) – by Market Player  
Source: SFC

The aggregate asset management and fund advisory business conducted by licensed corporations saw a year-on-year increase of 8% to \$23,045 billion in 2021.

The number of licensed corporations licensed to carry out asset management activities (i.e. Type 9 regulated activity) increased by 5% to 1,979 as at 31 December 2021 from 1,878 a year earlier. During 2021, the number of individuals licensed for asset management also grew 5% year-on-year from 13,074 to 13,786.

Hong Kong remained a preferred market for fund managers, with investments amounting to \$2,987 billion, representing 23% of all assets managed locally in 2021. Investment allocation to Mainland China remained steady, accounting for 21% of all assets managed in Hong Kong.

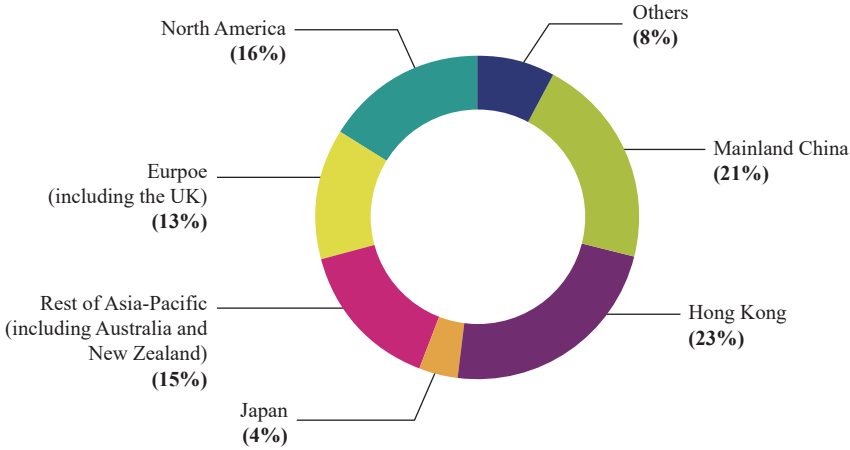


Figure 3: Assets managed in Hong Kong (\$13,085 billion) – by Geographical Distribution of Investments  
Source: SFC

As at 31 December 2021, the majority of the assets managed in Hong Kong were invested in equities, accounting for 49% of the total, followed by bonds, which accounted for 29%.

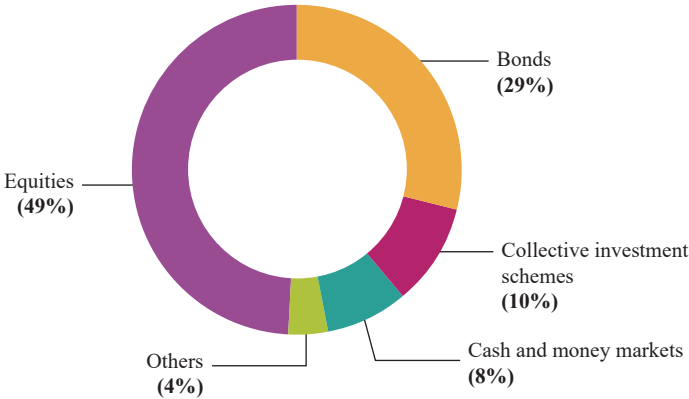


Figure 4: Assets managed in Hong Kong (\$13,085 billion) – by Asset Class  
Source: SFC

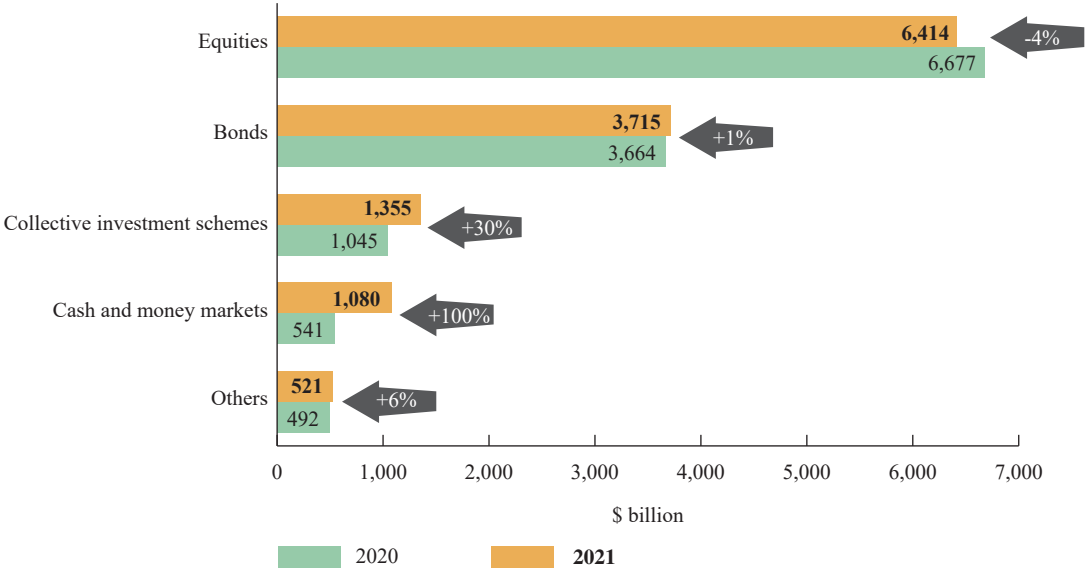


Figure 5: Assets managed in Hong Kong (\$13,085 billion) – by Asset Class (2021 vs 2020)  
Source: SFC

# **Appendix II**

## **Economic Overview**

### Hong Kong Economic Overview

According to the Hong Kong Trade Development Council (“**HKTDC**”), Hong Kong’s economy moderately contracted by 1.3% year-on-year in real terms in the second quarter of 2022, after a decrease of 3.9% in the first quarter of 2022. Considering the worse-than-expected economic performance in the first half and the sharp deterioration of global economic prospects, the Government forecasts Hong Kong’s real GDP growth for 2022 is between -0.5% to 0.5%. Overall consumer prices rose by 4.4% in September 2022 over the same month a year earlier, higher than the average rate of increase in August 2022 (1.9%). Considering inflation is likely to remain relatively contained, the Government forecasts Hong Kong’s underlying consumer price inflation at 2% for 2022.

The value of retail sales, in nominal terms, slightly decreased by 0.1% year-on-year in August 2022 over the same month a year earlier. For the first eight months of 2022 taken together, it was provisionally estimated that the value of total retail sales decreased by 1.5% compared with the same period in 2021. The labour market improved between July and September amid as domestic economic activities continued to revive. The seasonally adjusted unemployment rate dropped by 0.2 percentage points to 3.9% for the period between June and August compared to the period from June to August (4.1%). Merchandise exports decreased by 9.1% in September 2022 over a year earlier, after a year-on-year decrease of 14.3% in August 2022.

	2020	2021	Latest
Population, Year-end (mn)	7.43	7.40	7.29
Gross Domestic Products (US\$ bn)	343.0	367.9	174.3 <sup>a</sup>
GDP Per Capita (US\$)	45,843	49,613	–
Real GDP Growth (%)	-6.5	+6.3	-1.3 <sup>b</sup>
Inflation (% Change in Composite CPI)	+0.3	+1.6	+4.4 <sup>c</sup>
Unemployment Rate (%)	5.8	5.2	3.9 <sup>c</sup>
Retail Sales Growth (%)	-24.3	+8.1	-1.5 <sup>d</sup>
Number of Visitors (thousand)	3,600	91	183.6 <sup>d</sup>
Visitor Arrivals Growth (%)	-93.6	-97.4	+245.1 <sup>d</sup>

<sup>a</sup> January – June 2022; <sup>b</sup> year-on-year change, April – June 2022; <sup>c</sup> seasonally adjusted, July – September 2022;

<sup>d</sup> year-on-year change, January – August 2022; <sup>e</sup> year-on-year change, January – September 2022

**Table 4: Major economic indicators**

Source: HKTDC

Hong Kong is one of the most services-oriented economy in the world, with services sectors accounting for 93.4% of the GDP in 2020. According to World Trade Organization (WTO), Hong Kong is the world’s 6th largest exporter of merchandise trade in 2021, same as that in 2020. According to the UNCTAD World Investment Report 2022, global FDI inflows to Hong Kong amounted to US\$140.7 billion in 2021, ranked 3rd globally, behind the United States (US\$367.4 billion) and Mainland China (US\$181.0 billion).

In terms of FDI outflows, Hong Kong ranked 7th globally with US\$87.5 billion. The top 3 were the United States (US\$403.1 billion), Germany (US\$151.7 billion) and Japan (US\$146.8 billion). In terms of FDI stock, Hong Kong was the world's 5th largest host with US\$2,022.2 billion, after the United States, the United Kingdom, the Netherlands and the Mainland China, and the world's 7th largest investor with US\$2,082.3 billion in 2021.

According to a triennial survey conducted by the Bank for International Settlements, Hong Kong is the 2nd largest foreign exchange market in Asia and the 4th largest in the world in 2019, with the average daily turnover of forex transactions increasing by 44.8% from US\$436.6 billion in April 2016 to US\$632.1 billion in April 2019. Hong Kong is a global offshore RMB business hub. According to SWIFT, Hong Kong is the largest offshore RMB clearing centre in 2021, sharing about 76% of the world's RMB payments.

As at the end of 2021, Hong Kong's stock market ranked the 4th largest in Asia and the 7th largest in the world, with the total market capitalization reaching US\$5.4 trillion. Hong Kong is also the 4th largest IPO fundraising market in the world, with US\$42.3 billion raised through IPO in 2021. Hong Kong is an important banking and financial centre in the Asia Pacific. Hong Kong is the 4th leading global financial centre, according to the Global Financial Centre Index (32nd edition, Sep 2022).

The Hong Kong International Airport was the world's busiest airport for international air cargo in 2021. Hong Kong is also one of the world's busiest container ports. In 2021, Hong Kong ranked 9th in the world in terms of container throughput.

Supported by excellent connectivity with Mainland China and the rest of the world, strong research and development capability, world-class universities, Hong Kong is fast becoming an innovation and technology hub. According to the Global Innovation Index, Hong Kong ranked 14th globally in 2021.

The Chief Executive, Mr. John Lee, unveiled his 2022 Policy Address on 19 October 2022. Below are some highlights:

Establish the Hong Kong Investment Corporation (HKIC) to further optimize the use of fiscal reserves for promoting the development of industries and the economy.

Set aside \$30 billion from the Future Fund to establish the Co-Investment Fund for attracting enterprises to set up operations in Hong Kong and investing in their business.

Launch the Top Talent Pass Scheme for a period of two years to widely entice talents to pursue their careers in Hong Kong.

Promote the launch of more RMB-denominated investment tools and the provision of stable and highly efficient treasury services.

Develop green and sustainable finance, promote the development of Hong Kong as a premier financing platform for governments and green enterprises in the Mainland and around the world; and develop Hong Kong into an international carbon market, and will support the HKEX to continue pursuing cooperation with, among others, financial institutions in Guangzhou in carbon market development.



Earmark \$10 billion to launch the “Research, Academic and Industry Sectors One-plus Scheme” (RAISE+ Scheme) next year to promote commercialisation of R&D outcomes.

Attract Mainland and overseas I&T enterprises to the HSITP, providing key impetus for the development of an international I&T centre in the GBA.

Support the convention and exhibition industry: The Convention and Exhibition Industry Subsidy Scheme will be extended to 30 June 2023. A new \$1.4 billion scheme will be launched thereafter to subsidise more than 200 exhibitions to be staged in Hong Kong over three years.

Implement tax concession measures to attract more high value-added maritime enterprises to establish presence in Hong Kong, launch a Maritime Services Traineeship Scheme and promote the development of “smart port”.

The Financial Secretary, Mr. Paul Chan, unveiled his 2022-23 Budget on 23 February 2022. Below are some highlights:

Introduce a counter-cyclical measures of a massive scale involving above HK\$170 billion, including HK\$66 billion to issue electronic consumption vouchers with a total value of HK\$10,000 to each eligible Hong Kong residents.

Introduce the Export Credit Guarantee Programme and the “Flexible Indemnity Ratio” arrangement to strengthen support for export financing and export credit insurance.

Allocate HK\$135 million to the HKTDC for the introduction of the Support Scheme for Pursuing Development in the Mainland to facilitate Hong Kong people and entrepreneurs in seizing opportunities in the Mainland.

Increase the funding allocated to the Hong Kong Growth Portfolio under the Future Fund to set up a HK\$5 billion Strategic Tech Fund and a HK\$5 billion GBA Investment Fund.

Make preparation to allow stocks traded via the Southbound Trading of Stock Connect to be denominated in RMB.

Issue no less than HK\$15 billion of inflation-linked retail bonds (iBond), no less than HK\$35 billion of Silver Bond and no less than HK\$10 billion of retail green bonds in the next financial year.

Earmark HK\$10 billion to further promote the development of life and health technology, including setting up the InnoLife Healthtech Hub in the Hong Kong-Shenzhen Innovation and Technology Park.

Double the subsidy amount to HK\$440 million to strengthen support to the R&D activities of 16 State Key Laboratories and six Hong Kong Branches of Chinese National Engineering Research Centres in Hong Kong.

The Central Government unveiled the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (Outline Development Plan) on 18 February 2019. With the full support of the Central Government, Hong Kong will proactively integrate into the overall national development. Along with Macao, Guangzhou and Shenzhen, Hong Kong will be one of the core engines for development in the region.

The Outline Development Plan supports Hong Kong in consolidating and enhancing its status as international financial, transportation and trade centres, as well as an aviation hub and a global offshore Renminbi (RMB) business hub, and strengthening its role as an international asset management centre and a risk management centre.

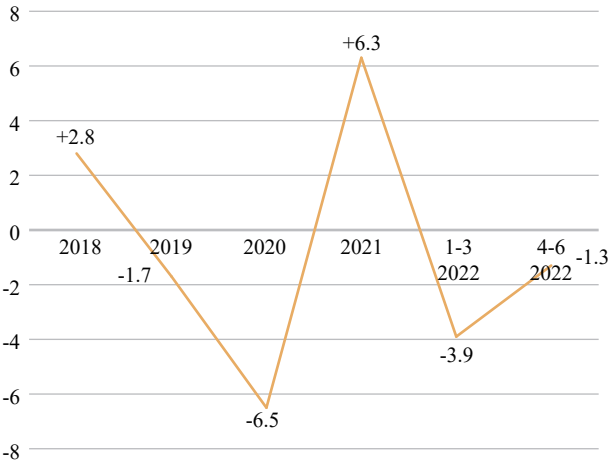


Figure 6: Real GDP growth (Year-on-year% change)  
Source: HKTDC

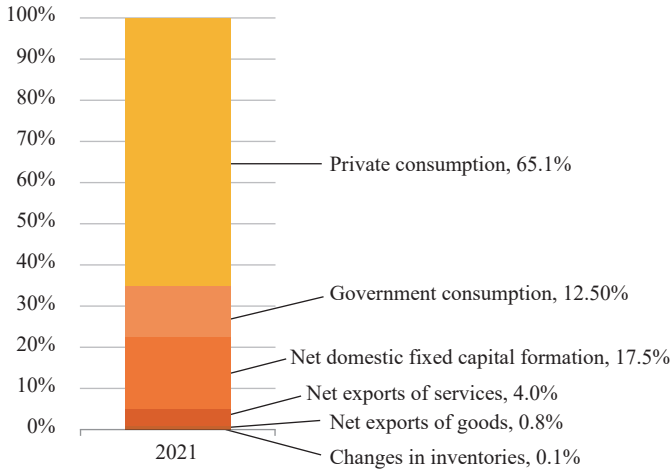


Figure 7: GDP composition (% share of GDP)  
Source: HKTDC

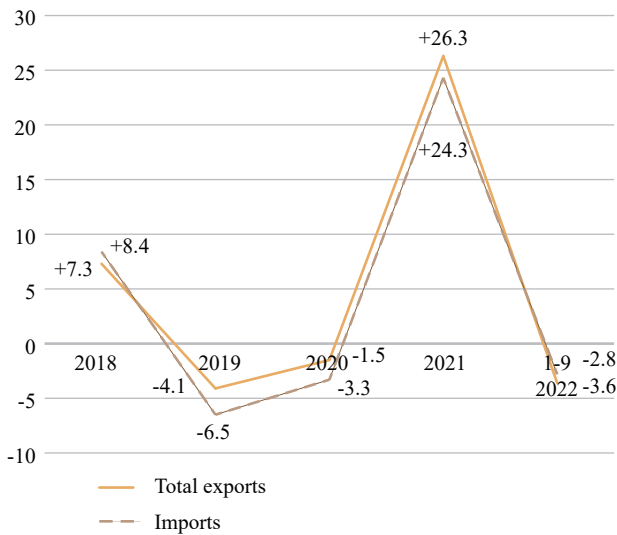


Figure 8: Merchandise trade growth(Year-on-year % change)

Source: HKTDC

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## NOTICE OF EGM

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### Value Convergence Holdings Limited

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 821)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Value Convergence Holdings Limited (the “**Company**”) will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 2 March 2023 at 11:00 a.m. for the purpose of considering, and if thought fit, with or without amendments or modifications, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the agreement dated 25 November 2022 (the “**Sale and Purchase Agreement**”, a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM)) entered into between Anli Holdings Limited (the “**Vendor**”) and VC Financial Group Limited (the “**Purchaser**”), pursuant to which the Vendor conditionally agreed to sell to the Purchaser, and the Purchaser conditionally agreed to purchase from the Vendor, the entire portfolio of 7,775,000 issued ordinary shares in Anli Asset Management Limited and the entire portfolio of 100 management shares in Anli Investment Fund SPC (the “**Acquisition**”) at the consideration of HK\$15,000,000 (the “**Consideration**”), and subject to the fulfilment of the conditions of the earnout, the Vendor shall be entitled to the earnout of not more than HK\$25,000,000 (the “**Earnout**”), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfilment or waiver of the conditions precedent set out in the Sale and Purchase Agreement, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) which shall entitle the Directors to exercise all the powers of the Company to allot and issue 92,421,442 new shares (the “**Shares**”) of the Company (the “**Consideration Shares**”) at the issue price of HK\$0.1623 per Share (the “**Issue Price**”) to the Vendor to settle the Consideration in accordance with the terms and conditions of the Sale and Purchase Agreement and to allot and issue up to 154,035,736 new Shares (the “**Further Shares**”) at the Issue Price to settle the Earnout to which the Vendor may be entitled, with the quantum of the Earnout to be determined according to the relevant formula as set out in the Sale and Purchase Agreement, in accordance with the terms and conditions of the Sale and Purchase Agreement; and

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## NOTICE OF EGM

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- (c) any one of the Directors be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreement and all transactions contemplated thereunder, including the issue and allotment of the Consideration Shares and the Further Shares, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Sale and Purchase Agreement) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 14 February 2023

*Registered office:*

6th Floor, Centre Point  
181-185 Gloucester Road  
Wanchai  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) convened by the notice is entitled to appoint one or more proxies to attend and on a poll vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the Company's registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
4. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wishes.
5. In accordance with the Listing Rules, voting on the above resolution will be taken by poll.
6. Given the ever-evolving COVID-19 pandemic, in order to facilitate the prevention of spread of COVID-19 and safeguard the health and safety of the shareholders, the Company strongly recommends shareholders to exercise their rights to vote at the above meeting by appointing the chairman of meeting as their proxies and to return their forms of proxy as early as possible, instead of attending the meeting in person.
7. Due to the ever-evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the above meeting arrangements at short notice. Shareholders are advised to check the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company's website at [www.vcgroup.com.hk](http://www.vcgroup.com.hk) for further announcements and updates on the above meeting arrangements that may be issued.

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## NOTICE OF EGM

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*As at the date of this notice, the Board comprises five executive Directors, namely, Mr. Fu Yiu Man, Peter (Chairman), Mr. Wong Kam Fat, Tony (Vice chairman), Mr. Lin Hoi Kwong, Aristo, Ms. Li Cindy Chen and Mr. Zhang Nu; and three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Siu Miu Man, Simon, MH and Mr. Au Tin Fung, Edmund.*

### PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for various measures that might be implemented by the Company at the EGM to try to prevent and control the spread of COVID-19 in view of the latest developments (including relevant regulatory restrictions as imposed by the Hong Kong Government) and in addition to the hygiene measures that may be implemented by Centre Point. Possible precautionary measures include but are not limited to:

- (1) Compulsory body temperature check for each attendee
- (2) Mandatory wearing of a surgical face mask throughout the meeting by each attendee
- (3) No provision of refreshments or beverages
- (4) No distribution of corporate gift

**Any person who does not comply with the precautionary measures on the date of the EGM or has close contact with any person with confirmed case will be denied entry into the meeting venue. The Company strongly recommends shareholders to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxies and to return their forms of proxy by the time specified above, instead of attending the EGM in person.**