
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

**(I) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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, 6 June 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 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 form of proxy 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 EGM 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.

22 May 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Acquisition”	the acquisition of the 24% equity interest in Zhanhua Jiutai Gas Co., Ltd.* (沾化久泰燃氣有限公司)
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the CB Placing Agreement and is independent as referred to in the CB Placing Agreement, procured by the Placing Agent to subscribe for any of the Placing CB pursuant to the Placing Agent’s obligations hereunder
“CB Placing”	the proposed placing of the Placing CB on the terms and subject to the conditions set out in the CB Placing Agreement
“CB Placing Agreement”	the placing agreement dated 22 February 2024 as supplemented, revised or amended from time to time in writing by the CB Placing Parties entered into between the Company and the Placing Agent in relation to the CB Placing
“CB Placing Closing”	the completion of the CB Placing
“CB Placing Closing Date”	any Business Day within a period of five (5) Business Days following the date on which the conditions precedent are fulfilled or, if applicable, waived (or such later date as the CB Placing Parties may agree)

DEFINITIONS

“CB Placing Long Stop Date”	14 June 2024 (or such later date as may be agreed by the CB Placing Parties in writing)
“CB Placing Period”	the one-month period commencing on the Business Day immediately after the granting of the Specific Mandate, or such longer period of time as the CB Placing Parties may otherwise agree in writing, unless terminated earlier pursuant to the terms of the CB Placing Agreement
“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
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Consideration CB”	the 2-year zero-coupon convertible bonds in the principal amount of HK\$30,000,000 issued by the Company to Beijing Zhonglu Longxiang Investment Co., Ltd.* (北京中魯龍翔投資有限公司), as the vendor, pursuant to the Sale and Purchase Agreement and the Consideration CB Instrument for setting off the Consideration of HK\$30,000,000
“Consideration CB Conversion Share(s)”	250,000,000 new Shares to be allotted and issued upon the exercise of the Consideration CB Conversion Rights attaching to the Consideration CB at the conversion price of HK\$0.12 per Share under the general mandate granted at the annual general meeting of the Company held on 31 May 2023
“Consideration CB Instrument”	the bond instrument constituting the issue of the Consideration CB by the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	17 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Placing Agent”	VC Brokerage Limited, a wholly-owned subsidiary of the Company and a licensed corporation by the SFC to carry out and conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under and pursuant to the SFO
“Placing Bondholder(s)”	the person(s) who for the time being is the holder of the Placing CB with the benefit of and subject to the provisions of the Placing CB Instrument
“Placing CB”	up to HK\$84,000,000 3-year zero coupon unsecured non-redeemable convertible bonds to be issued by the Company in denomination of HK\$300,000 each with the benefit of and subject to the provisions of the Placing CB Instrument
“Placing CB Conversion Date”	the date on which the Company receives or is deemed to have received a duly completed and executed conversion notice together with the bond certificate(s) to be issued by the Company pursuant to the Placing CB Instrument for the Placing CB being converted by a Placing Bondholder pursuant to the Placing CB Instrument or, insofar as is appropriate, the date on which it is automatically triggered under and pursuant to any agreement for or in relation to any subscription of the Placing CB
“Placing CB First Issue Date”	the initial date of issue of the Placing CB under and pursuant to the Placing CB Instrument
“Placing CB Instrument”	the instrument constituting the Placing CB to be executed by the Company as a deed
“Placing Conversion Price”	HK\$0.12 per Placing Conversion Share, subject to adjustments as summarised in the paragraph headed “ Adjustments to the Placing Conversion Price ” in this circular
“Placing Conversion Rights”	the rights pursuant to the Placing CB Instrument attaching to each Placing CB to convert the principal amount or a part thereof into Shares

DEFINITIONS

“Placing Conversion Share(s)”	the Shares to be issued by the Company upon exercise by the Placing Bondholder(s) of the Placing Conversion Rights
“Placing Share(s)”	up to 244,200,000 new Shares to be allotted and issued by the Company under the general mandate granted at the annual general meeting of the Company held on 31 May 2023 and pursuant to the Share Placing Agreement on the Share Placing Completion Date, and the Placing Shares shall rank <i>pari passu</i> in all respects with the existing Shares then in issue
“Resolution”	a resolution of Placing Bondholders duly passed at a meeting of Placing Bondholders duly convened and held in accordance with the Placing CB Instrument or a resolution of Placing Bondholders passed by way of a resolution in writing of Placing Bondholders as prescribed in the Placing CB Instrument
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 February 2024 as modified, amended, supplemented or revised from time to time entered into among the Purchaser, the Vendor and the Company in relation to the Acquisition
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Share Placing”	the placing of the Placing Shares under and in accordance with the Share Placing Agreement
“Share Placing Agreement”	the placing agreement (as revised and supplemented by an addendum dated 8 March 2024, a second addendum dated 5 April 2024, a third addendum dated 26 April 2024 and a fourth addendum dated 17 May 2024) entered into between the Company and the Placing Agent dated 22 February 2024 in respect of the Share Placing

DEFINITIONS

“Share Placing Completion Date”	31 May 2024
“Specific Mandate”	the specific mandate granted to the Board to allot, issue and deal with the Placing Conversion Shares at the relevant extraordinary general meeting of the Company to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



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

22 May 2024

To the Shareholders,

Dear Sir or Madam,

(I) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 22 February 2024 in relation to, among other things, the Share Placing, the Acquisition and the CB Placing. On 22 February 2024 (after trading hours), the Company and the Placing Agent entered into the Share Placing Agreement in relation to the Share Placing of up to 244,200,000 Placing Shares at the placing price of HK\$0.12 per Placing Share. On 22 February 2024 (after trading hours), the Company, Astral Wealth Limited, an indirect wholly-owned subsidiary of the Company, and Beijing Zhonglu Longxiang Investment Co., Ltd.* (北京中魯龍翔投資有限公司) (the “**Vendor**”) entered into the Sale and Purchase Agreement in relation to the acquisition of the 24% equity interest in Zhanhua Jiutai Gas Co., Ltd.* (沾化久泰燃氣有限公司) at a consideration of HK\$30,000,000 by the issue of the Consideration CB by the Company to the Vendor and the Consideration CB shall be convertible into 250,000,000 Consideration CB Conversion Shares upon conversion subject to the conditions as contained under the Consideration CB Instrument.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with: (i) further details of the CB Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (ii) a notice convening the EGM.

THE CB PLACING

On 22 February 2024 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for the Placing CB on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six (6) CB Placees to subscribe for the Placing CB in the aggregate principal amount of up to HK\$84,000,000 during the CB Placing Period.

The CB Placing Agreement

Date

22 February 2024 (after trading hours)

Issuer

The Company

Placing Agent

VC Brokerage Limited, a wholly-owned subsidiary of the Company

(each a “**CB Placing Party**” and collectively, the “**CB Placing Parties**”)

CB Placees

The Placing Agent will act as agent for the Company to procure not less than six (6) CB Placees to subscribe for the Placing CB on terms and conditions set out in the CB Placing Agreement on a best effort basis. The CB Placee(s) shall be any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the CB Placing Agreement and is independent as referred in the next paragraph below, procured by the Placing Agent to subscribe for any of the Placing CB pursuant to the Placing Agent’s obligations under the CB Placing Agreement. As at the Latest Practicable Date, the Placing Agent has not identified any CB Placee.

The Placing Agent shall, and shall procure its sub-placing agent (if applicable and any) to, use its reasonable endeavours to ensure that all the CB Placees and their ultimate beneficial owners (a) shall be independent of and not connected with the Company (and its subsidiaries), its connected person(s) and their respective associate(s); (b) shall be independent of and not be parties acting in concert with any persons, other CB Placee(s) or Shareholders to the effect that any CB Placing to such CB Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code; and (c) shall be regarded as public (within the meaning as defined under Rule 8.24 of the Listing Rules).

LETTER FROM THE BOARD

Conditions precedent to the CB Placing Agreement

CB Placing Closing is conditional upon:

- (a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Conversion Shares on the Stock Exchange and the approval not having been subsequently revoked or cancelled;
- (b) if required, the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation for the consummation of the transactions contemplated under the CB Placing Agreement from any third party to which the Company or its subsidiaries have entered into any agreement or arrangement;
- (c) the Specific Mandate having been granted to the Board; and
- (d) the Company's representations and warranties made pursuant to the CB Placing Agreement being true and accurate and not misleading as of the date of the CB Placing Agreement and the CB Placing Closing Date.

The conditions precedent (a) to (c) above cannot be waived by any CB Placing Party. The Placing Agent may at any time unilaterally waive the condition precedent (d) above. The Company shall use all its reasonable endeavours to procure the satisfaction of the conditions precedent as set out above, but if the conditions precedent shall not have been so satisfied (or, where applicable, waived) by the CB Placing Long Stop Date or any of the force majeure event set out in the section headed "**Force majeure to the CB Placing Agreement**" below shall have occurred, subject to terms in relation to failure to complete or lapse or termination of the CB Placing as set out in the CB Placing Agreement, all obligations of the Placing Agent and of the Company under the CB Placing Agreement shall cease and determine and none of the CB Placing Parties shall have any claim against the other in relation thereto save for any antecedent breach of any obligations under the CB Placing Agreement and without prejudice to the accrued rights and liabilities of the CB Placing Parties.

As at the Latest Practicable Date, none of the conditions precedent (a) to (d) above have been satisfied or fulfilled. Further, condition precedent (d) above has not been waived by the Placing Agent and the Placing Agent has no intention to waive the condition precedent (d) above.

Force majeure to the CB Placing Agreement

If at any time between the date of the CB Placing Agreement and the CB Placing Closing Date, there occurs:

- (a) the introduction of any new legislations or regulation or any change in existing legislations or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;

LETTER FROM THE BOARD

- (b) the occurrence of any local, national or international event or change occurring after the date of the CB Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the CB Placing (such success being the completion of the placing of the Placing CB to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the CB Placing;
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the CB Placing Agreement which materially and adversely affects the success of the CB Placing (such success being the completion of the placing of the Placing CB to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the CB Placing;
- (d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the CB Placing Agreement; or
- (e) any of the representations or warranties contained in the CB Placing Agreement was, when given or deemed to be repeated under the CB Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the CB Placing,

then the Placing Agent may upon giving notice to the Company terminate the CB Placing Agreement with immediate effect. If the CB Placing Agreement shall be terminated pursuant to the abovementioned force majeure, the obligations of the Placing Agent shall cease and the Company shall not be liable to pay any commission under certain provisions of the CB Placing Agreement, and other provisions of the CB Placing Agreement (other than certain provisions as set out in the CB Placing Agreement and all other provisions necessary for the interpretation or enforcement of such provisions and without prejudice to the accrued rights and liabilities of the CB Placing Parties) shall forthwith cease and determine and no CB Placing Party shall, save as provided in the abovementioned force majeure, have any claim against the other CB Placing Party for compensation, costs, damages or otherwise.

LETTER FROM THE BOARD

CB Placing Closing

Subject to the fulfilment of the conditions precedent to the CB Placing Agreement, the CB Placing Closing shall take place on the CB Placing Closing Date in accordance with the completion mechanics as set out in the CB Placing Agreement.

CB Placing commission

Provided that the CB Placing Closing occurs in accordance with the terms and conditions of the CB Placing Agreement, a commission, in Hong Kong dollars, of 3% of the amount equal to the principal amount of the Placing CB for which the Placing Agent has successfully procured subscribers for the Placing CB.

Specific Mandate

The issue of the Placing Conversion Shares is subject to the Shareholders' approval. The Placing Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

PRINCIPAL TERMS OF THE PLACING CB

Set out below are the principal terms of the Placing CB:

Issuer:	The Company
Principal amount:	Up to HK\$84,000,000
Maturity Date:	The date which falls on the third anniversary of the Placing CB First Issue Date (the " Placing CB Maturity Date ").
Interest:	The Placing CB shall not bear any interest whatsoever.
Placing Conversion Price:	The initial Placing Conversion Price shall be HK\$0.12 per Placing Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed " Adjustments to the Placing Conversion Price " below.

The initial Placing Conversion Price represents:

- (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement;
- (ii) a premium of approximately 2.21% over the average of the closing prices for the last five consecutive trading days immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share;

LETTER FROM THE BOARD

- (iii) a discount of approximately 42.31% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.208 per Share based on the audited consolidated net asset value attributable to the Shareholders of approximately HK\$513,282,000 as at 31 December 2023 and 2,473,523,040 Shares in issue as at the Latest Practicable Date; and
- (iv) a premium of approximately 122.22% over the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The net Placing Conversion Price, after deduction of relevant expenses, is approximately HK\$0.116 per Placing Conversion Share.

The initial Placing Conversion Price was arrived at after arm's length negotiations between the CB Placing Parties with reference to, among others, the prevailing market price of the Shares.

Adjustments to the Placing Conversion Price:

The Placing Conversion Price shall from time to time be subject to adjustment in accordance with the Placing CB Instrument if, whilst any of the Placing CB remains outstanding, any of the following events or circumstances (which are exhaustive according to the Placing CB Instrument) in relation to the Shares shall occur:

- (i) **Consolidation and subdivision:** If and whenever there shall be an alteration to the value of the Shares as a result of consolidation or subdivision, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such alteration by the following fraction:–

$$\frac{A}{B}$$

where

A is the value of one Share immediately after such alteration; and

B is the value of one Share immediately before such alteration.

Such adjustment shall become effective from the day on which such consolidation or subdivision becomes effective.

LETTER FROM THE BOARD

- (ii) **Capitalisation of profits or reserves:** If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account and/or capital redemption reserve), other than Shares issued in lieu of the whole or a part of a cash dividend and other than an issue that would amount to capital distribution (as defined in the Placing CB Instrument), the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately before such issue by the following fraction:-

$$\frac{A}{B}$$

where

A is the aggregate amount of the issued Shares immediately before such issue; and

B is the aggregate amount of the issued Shares immediately after such issue.

Such adjustment shall become effective from the day of such issue of Shares.

- (iii) **Capital distribution:** If and whenever the Company shall pay or make any capital distribution (as defined in the Placing CB Instrument) to the Shareholders, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such capital distribution by the following fraction:-

$$\frac{A - B}{A}$$

where

A is the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date on which the capital distribution is made; and

LETTER FROM THE BOARD

B is the fair market value on the date of such capital distribution, as determined in good faith by the independent accountant or financial advisor acting as an expert, of the portion of the capital distribution which is attributable to one Share.

Such adjustment shall become effective on the date that such capital distribution is actually made.

- (iv) ***Issue of Shares by way of rights:*** If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date on which such issue or grant to Shareholders is made, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such issue or grant by the following fraction:—

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such grant or issue;

B is the number of Shares which the aggregate amount (if any) payable for the rights, or for the options or warrants or other rights issued by way of rights, and for the total number of Shares comprised therein would purchase at such fair market value per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

LETTER FROM THE BOARD

(v) *Issue of other securities by way of rights:* If and whenever the Company shall:-

- (a) issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights; or
- (b) grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares),

the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such issue, grant or offer by the following fraction:-

$$\frac{A - B}{A}$$

where

A is the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date on which such issue or grant is made; and

B is the fair market value on the date of such grant is made as determined in good faith by the independent accountant or financial advisor acting as an expert, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of the issue of the securities or grant of such rights, options or warrants (as the case may be).

LETTER FROM THE BOARD

(vi) *Issue of Shares other than by way of rights:* If and whenever the Company shall wholly for cash:–

(a) issue (otherwise than as mentioned in the sub-paragraph (iv) above) any Shares (other than Shares issued on the exercise of the Placing Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or

(b) issues or grants (otherwise than as mentioned in the sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Shares,

in each case at a price per Share which is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of such issue or grant, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such issue or grant by the following fraction:–

$$\frac{A + B}{C}$$

where

A is the number of Shares in issue immediately before the issue of such additional Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such fair market value per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of the issue of such Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (vii) ***Issue of Shares upon conversion or exchange:*** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph, if and whenever the Company or any subsidiary (otherwise than as mentioned in sub-paragraphs (iv), (v) or (vi)), or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity, shall issue wholly for cash any securities (other than the Placing CB) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of the issue of such securities, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such issue by the following fraction:–

$$\frac{A + B}{A + C}$$

where

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such fair market value per Share; and
- C is the maximum number of Shares to be issued upon conversion into or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of the issue of such securities.

- (viii) ***Modification of rights of conversion or exchange:*** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in the sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share receivable by the Company is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of such modification, the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such modification by the following fraction:—

$$\frac{A + B}{A + C}$$

where

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange, or upon exercise of the right of subscription attached to the securities so modified, would purchase at such fair market value per Share or, if lower, the existing conversion, exchange or subscription price; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate.

but giving credit in such manner as the independent accountant or financial advisor (whom the Company undertakes to engage for the purpose of this sub-paragraph) shall, acting as an expert, consider appropriate (if at all) for any adjustment under this sub-paragraph.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of such modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) **Offers for Shares:** If and whenever the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Placing Conversion Price falls to be adjusted under sub-paragraphs (iv) to (vii) above), the Placing Conversion Price shall be adjusted by multiplying the Placing Conversion Price in force immediately prior to such issue by the following fraction:–

$$\frac{A - B}{A}$$

where

- A is the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of such issue; and
- B is the fair market value on the date of such issue, as determined in good faith by the independent accountant or financial advisor, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities.

Placing Conversion Shares: In the case of the Placing Conversion Rights having been exercised in full, a maximum of 700,000,000 Placing Conversion Shares to be allotted and issued by the Company represents:

- (i) approximately 28.30% of the existing total number of issued Shares as at the Latest Practicable Date;

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- (ii) approximately 22.06% of the total number of issued Shares as enlarged by the allotment and issue of the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of full conversion of the Placing CB); and
- (iii) approximately 19.09% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares, the 250,000,000 Consideration CB Conversion Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

Placing CB Conversion period:

The period commencing from the Placing CB First Issue Date and ending on the date which falls on the fifth Business Day before Placing CB Maturity Date (both days inclusive), provided that if the Company fails to redeem the Placing CB on the Placing CB redemption date in accordance with the terms Placing CB Instrument, the period shall continue until redemption in full occurs (the “**Placing CB Conversion Period**”).

Placing Conversion Rights:

Each Placing Bondholder shall have the right, exercisable during the Placing CB Conversion Period in the manner provided in the Placing CB Instrument, to convert the whole or any part (subject to the Placing CB Instrument, in multiples of HK\$300,000) of the outstanding principal amount of the Placing CB held by such Placing Bondholder into such number of Shares as will be determined by dividing the principal amount of the Placing CB to be converted by the Placing Conversion Price in effect on the Placing CB Conversion Date.

Conversion restrictions:

A Placing Bondholder shall not exercise any Placing Conversion Rights if, as a result of such exercise, it will cause the public float of the Company to be unable to meet the relevant requirements under the Listing Rules.

LETTER FROM THE BOARD

A Placing Bondholder shall not exercise any Placing Conversion Rights, and the Company shall not be required to issue any Placing Conversion Shares, if, as a result of the relevant exercise of the Placing Conversion Rights, the Placing Bondholder and/or parties acting in concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company's other Shareholders (collectively, the "**Conversion Restrictions**").

Redemption at maturity:

All Placing CB which have not been redeemed or converted in accordance with the terms and conditions contained in the Placing CB Instrument by the Placing CB Maturity Date, shall be redeemed by the Company on the Placing CB Maturity Date at a redemption amount equal to 100% of the principal amount of such Placing CB.

Redemption prior to maturity:

Without prejudice to any other conditions as contained in the Placing CB Instrument, the Company (but not any Placing Bondholder) shall have the option to redeem the entire principal amount of the Placing CB (or such outstanding part thereof, whichever shall be appropriate) prior to maturity, which option may be exercised by the Company during the Placing CB Conversion Period, and upon the Company's exercising the option, it shall pay to the Placing Bondholder an amount equivalent to the principal amount of the Placing CB (or such outstanding part thereof, whichever shall be appropriate) together with all interest accrued thereon up to and including the relevant Placing CB redemption date.

Redemption on default:

If any of the events (the "**Placing Event(s) of Default**") specified in the Placing CB Instrument occur, the Company shall forthwith give notice thereof to the Placing Bondholders and each Placing Bondholder may (without prejudice to any other rights and remedies available to the Placing Bondholders), at its option, opt to convert their Placing CB in its entirety or, alternatively, give a notice to the Company in respect of part or all of the Placing CB held by it, whereupon such Placing CB shall become immediately due and payable at a redemption amount equal to 100% of the principal amount of such Placing CB. For any avoidance of doubt, there shall not be any redemption by any Placing Bondholders prior to the Placing CB Maturity Date unless a Placing Event of Default occurs. The Placing Events of Default are as follows:

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- (i) any failure to pay the principal of the Placing CB when due and such failure continues for a period of fifteen (15) Business Days;
- (ii) any default made by the Company in the performance or observance of any undertaking, warranty or representation given by it under these terms (other than the covenant to pay the principal in respect of the Placing CB) and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or if capable of remedy is not remedied within fifteen (15) Business Days of service by any Placing Bondholder on the Company of notice requiring such default to be remedied;
- (iii) any other present or future indebtedness of the Company or any of its major subsidiaries for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option (as the case may be) of the Company or the relevant major subsidiary of the Company, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its major subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned above have occurred equals or exceeds HK\$100,000,000 or its equivalent in any other currency provided that the provisions of this sub-paragraph shall not apply to any alleged default if the Company or the relevant major subsidiary of the Company, as the case may be, is contesting the matter in good faith; or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a Resolution of Placing Bondholders;

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- (v) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any major subsidiary of the Company except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other subsidiary of the Company, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by a Resolution of Placing Bondholders, or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such major subsidiary of the Company and such surplus assets attributable to the Company and/or any other subsidiary of the Company are distributed to the Company and/or any such other subsidiary of the Company;
- (vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any major subsidiary of the Company;
- (vii) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Company or any major subsidiary of the Company (as the case may be) and is not discharged or stayed within thirty (30) Business Days or such longer period as the Placing Bondholders, by a Resolution of Placing Bondholders, may consider appropriate in relation to the event concerned;
- (viii) the Company or any of its major subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Company or any of its major subsidiaries shall initiate or consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent (except, for the avoidance of doubt, for the purposes of a dissolution or winding-up permitted under the sub-paragraphs (iv) or (v) above) or makes a general assignment for the benefit of, or enters into any composition with, its creditors;

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- (ix) proceedings shall have been initiated against the Company or any major subsidiary of the Company under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within fifteen (15) Business Days thereafter (or such longer period as the Placing Bondholder(s) by a Resolution of Placing Bondholders may consider appropriate in relation to the jurisdiction concerned;
- (x) it is or becomes unlawful for the Company to perform or comply with any of its obligations under the Placing CB Instrument or any principal amount of the Placing CB, or due to no fault on the part of any Placing Bondholder any such obligation is not or ceases to be enforceable or is claimed by the Company not to be enforceable;
- (xi) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not materially contributed to the consolidated operating profit of the Company and its subsidiaries for at least three years prior to the day on which this sub-paragraph operates) a material part of the assets of the Company or any of its major subsidiaries;
- (xii) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Placing CB or the Placing CB Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Placing CB or the Placing CB Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time;
- (xiii) any breach of the representations, warranties and undertakings made by the Company to the Placing Bondholder(s) in reliance of which the Placing Bondholder(s) subscribes to the Placing CB; or

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(xiv) any event occurs which has an analogous effect to any of the events referred to in the sub-paragraphs (i) to (xiii) above.

Ranking:

The Shares issued upon conversion of the Placing CB will in all respects rank *pari passu* with the Shares in issue on the relevant registration date. Save as set out in the Placing CB Instrument, a holder of Shares issued on conversion of Placing CB shall not be entitled to any rights which precede the relevant registration date.

Transferability:

Subject to compliance with the Listing Rules and regulatory requirements, the Placing CB may (subject to the Placing CB Instrument) be transferred to any person provided that where the Placing CB(s) is/are intended to be transferred to a connected person (as defined in the Listing Rules) (other than the associates of the Placing Bondholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange, if any.

Any transfer of the Placing CB shall be in respect of the whole or any part (subject to the Placing CB Instrument, in multiples of HK\$300,000) of the outstanding principal amount of the Placing CB.

Status:

The obligations of the Company arising under the Placing CB constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Voting rights:

Save for the meetings of the Placing Bondholders, the Placing CB do not confer on the Placing Bondholders the rights to vote at any general meetings of the Company.

Application for listing:

No application shall be made to the Stock Exchange for the listing of the Placing CB. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Conversion Shares.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Intended use of the net proceeds	Actual use of the net proceeds
22 February 2024, 8 March 2024, 5 April 2024 and 26 April 2024	Placing of new Shares under general mandate	Pending completion (the maximum net proceeds will be approximately HK\$28.3 million and the Share Placing is expected to be completed on 31 May 2024)	general working capital including but not limited to rental expenses, salary expenses and other office overhead;	Pending completion (the Share Placing is expected to be completed on 31 May 2024)
25 September 2023 and 19 January 2024	Placing of convertible bonds under general mandate	Nil	(i) general working capital including but not limited to rental and salary expenses and other office overhead;	The placing agreement was lapsed as announced by the Company on 19 January 2024.
			(ii) brokerage business; and	
			(iii) potential investment in the future when opportunities arise.	

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months prior to the Latest Practicable Date.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of the Latest Practicable Date; (ii) immediately upon the allotment and issue of the Placing Shares only (assuming the Placing Shares are placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the Share Placing Completion Date); (iii) immediately

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upon full conversion of the Consideration CB only (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of full conversion of the Consideration CB); (iv) immediately upon full conversion of the Placing CB only (assuming the Placing CB are placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of full conversion of the Placing CB) and (v) immediately upon (a) the allotment and issue of the Placing Shares; (b) full conversion of the Consideration CB; and (c) full conversion of the Placing CB (assuming the Placing Shares and the Placing CB are placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later):

	(i) as at the Latest Practicable Date		(ii) immediately upon the allotment and issue of the Placing Shares only (assuming the Placing Shares are placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the Share Placing Completion Date)		(iii) immediately upon full conversion of the Consideration CB only (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of full conversion of the Consideration CB)		(iv) immediately upon full conversion of the Placing CB only (assuming the Placing CB were placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the date of full conversion of the Placing CB)		(v) immediately upon (a) the allotment and issue of the Placing Shares; (b) full conversion of the Consideration CB; and (c) full conversion of the Placing CB (assuming the Placing Shares and the Placing CB are placed in full and there will be no change in the total number of issued Shares between the Latest Practicable Date up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later)	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
Directors										
Mr. Wong Chung Kin, Quentin	500,000	0.02%	500,000	0.02%	500,000	0.02%	500,000	0.02%	500,000	0.01%
Mr. Fu Yiu Man, Peter	20,000,000	0.81%	20,000,000	0.74%	20,000,000	0.73%	20,000,000	0.63%	20,000,000	0.55%
Sub-total	20,500,000	0.83%	20,500,000	0.76%	20,500,000	0.75%	20,500,000	0.65%	20,500,000	0.56%
Substantial Shareholder										
Mr. Chung Chi Shing, Eric	357,664,000	14.46%	357,664,000	13.16%	357,664,000	13.13%	357,664,000	11.27%	357,664,000	9.75%
Public Shareholders										
The Share Placees	-	-	244,200,000	8.99%	-	-	-	-	244,200,000	6.66%
The Vendor	-	-	-	-	250,000,000	9.18%	-	-	250,000,000	6.82%
The CB Placees	-	-	-	-	-	-	700,000,000	22.06%	700,000,000	19.09%
Other public Shareholders	2,095,359,040	84.71%	2,095,359,040	77.09%	2,095,359,040	76.94%	2,095,359,040	66.02%	2,095,359,040	57.12%
Sub-total	2,095,359,040	84.71%	2,339,559,040	86.08%	2,345,359,040	86.12%	2,795,359,040	88.08%	3,289,559,040	89.69%
Total	2,473,523,040	100.00%	2,717,723,040	100.00%	2,723,523,040	100.00%	3,173,523,040	100.00%	3,667,723,040	100.00%

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REASONS FOR AND BENEFITS OF THE CB PLACING AND USE OF PROCEEDS

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

Assuming all the Placing CB are successfully placed by the Placing Agent, the maximum gross proceeds from the CB Placing will be HK\$84.0 million. The maximum net proceeds from the CB Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the CB Placing) will be approximately HK\$81.4 million which will be used for (i) general working capital including but not limited to rental expenses, salary expenses and other office overhead of approximately HK\$11.4 million; (ii) brokerage business of approximately HK\$30.0 million; (iii) repayment of liabilities of approximately HK\$10.0 million; and (iv) potential investment in the future when opportunities arise of approximately HK\$30.0 million.

As aforementioned, the Company will use approximately HK\$30 million for the brokerage business. The Company will apply such proceeds in the securities margin financing services for the Company's brokerage clients if they need further funding for their securities trading and financing as the Company considers that the increase in the securities margin financing services will not only increase the interest income from the brokerage clients, but will also drive up the brokerage commission. The Group carries out the brokerage business through its wholly-owned subsidiary, VC Brokerage Limited ("**VC Brokerage**"), a licensed corporation carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. Currently, the size of the margin financing services is limited by the existing scale of the capital base of VC Brokerage as governed by the Securities and Futures (Financial Resources) Rules. As disclosed in the annual results announcement for the year ended 31 December 2023 of the Company dated 28 March 2024, the Group's bank balances and cash were approximately HK\$17.72 million. Therefore, the HK\$30 million will be used to enhance the liquidity of VC Brokerage and meet the Securities and Futures (Financial Resources) Rules.

Upon receiving the request for securities margin financing from customers, VC Brokerage will carry out credit risk assessment on the customers in order to provide suitable credit lines to customers. As at the Latest Practicable Date, VC Brokerage has received certain enquiries from its existing customers to increase their credit lines from time to time and it is currently in negotiation with two customers for requesting securities margin financing in the aggregate amount of HK\$4 million. Also, having considered the brokerage business accounted for 34% of the Group's revenue for the year 2023, the Group is desirous of devoting more resources in this segment. It is expected that the HK\$30 million to be applied in the securities margin financing services will be utilised by March 2025.

The Group also intended to apply HK\$10.0 million to repay a short-term loan due to a third party of approximately HK\$4 million, which was mature in October 2023 and an indebtedness (principal of convertible bonds which has matured) of approximately HK\$6 million which was mature in December 2023. Given that the bank balances and cash were approximately HK\$17.72 million as at 31 December 2023 and based on the Company's estimation, the monthly operating expenses of the rental expenses, salaries expenses and other monthly office overhead would be approximately HK\$4 million. As a prudent measure to cash flow management, the Company intended to seek extra funding to settle the short-term loan due to a third party of approximately HK\$4 million and a total amount of indebtedness of approximately HK\$6 million. As at the Latest Practicable Date, the Company is negotiating with the respective creditors for renewal of the short-term loan and the indebtedness as mentioned above continue to incur interest expenses until they are fully settled. It is expected that the HK\$10 million to be applied in the repayment of liabilities will be utilised by September 2024.

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Given that the world is ever-changing and developing rapidly, and the economic conditions in both the PRC and Hong Kong are considerably uncertain, the Group has therefore taken a relatively prudent approach in terms of investment. The Group has been looking for and reviewing different investment opportunities in various industries (such as energy-related industry, digital assets industry and investment properties) to diversify its investment portfolio from time to time. With the funding of approximately HK\$30 million from the CB Placing, in the event the Group comes across other projects with promising investment potential or possible synergy effect with the business of the Group, the Group shall actively consider pursuing further investment. As at the Latest Practicable Date, the Company has conducted industry review and preliminary negotiation concerning some potential investment opportunities in energy-related industry, digital assets industry and investment properties. The Company has always adopted a prudent approach for investment. An investment decision is predicated on comprehensive market research, due diligence and arm's length negotiations with the relevant parties. These procedures may span several months to a longer time. The Directors are of the view that the enhancement of cash level available for investment would increase the bargaining edge when the investment opportunities arise. It is expected that the HK\$30 million to be applied in future investment will be utilised by 2025. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

Recently, the Hong Kong stock market has experienced a significant upsurge. There has been a corresponding surge in demand for securities margin financing. Should the proceeds of HK\$30 million from the CB Placing not be allocated to further investments, the Company plans to utilise these proceeds in the brokerage and financing business of the Group.

The Board has considered other fund-raising alternatives before resolving to the placing of convertible bonds, including but not limited to debt financing, placing of new Shares, rights issue and open offer. In respect of debt financing, the Directors have considered that in view of the current relatively high interest rate, the cost of debt financing would be high and the terms may not be favourable with heavy asset pledging or guarantees to be provided by the Group. Therefore, the Directors are of the view that the debt financing from financial institutions are of limited accessibility and undesirable effects and such funding method is not in the interests of the Company and the Shareholders as a whole. On the other hand, as disclosed in the Company's announcement dated 22 February 2024, other than the CB Placing, the Company has proposed to conduct a fund-raising by way of placing of new Shares. As the Directors intended to limit the size of the Share Placing in order to reduce the immediate dilution in the shareholding interest of the existing Shareholders, the Directors considered that the proceeds from the Share Placing will not be sufficient. As for the rights issue and open offer, unless the Shareholders have sufficient funding and are willing to participate in the fund-raising, Shareholders' proportionate shareholdings in the Company would be diluted. In light of the current economy of Hong Kong, the Directors considered that it is not a best time to request for funding from Shareholders. Given that the Placing CB are non-interest bearing, the Company will not incur any interest burdens. The Directors are also of the view that the Placing CB will not have an immediate dilution effect on the shareholding of the existing Shareholders.

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As aforementioned, the monthly operating expenses of the rental expenses, salaries expenses and other monthly office overhead would be approximately HK\$4 million, of which the rental expenses would be approximately HK\$0.75 million, salaries expenses would be approximately HK\$3 million and other office overhead would be approximately HK\$0.25 million. The Company intended to raise sufficient general working capital for the coming 10 months which would be approximately HK\$40 million in aggregate. As aforesaid, the Directors intended to limit the size of the Share Placing in order to reduce the immediate dilution in the shareholding interest of the existing Shareholders. Therefore, the maximum net proceeds from the Share Placing of approximately HK\$28.3 million will not be sufficient for the period mentioned. Accordingly, the Directors proposed to raise the remaining HK\$11.4 million from the CB Placing. The Company would firstly apply all the proceeds from the Share Placing towards the general working capital until they are fully utilised and the remaining proceeds from the CB Placing for the general working capital would be used thereafter.

The Directors are of the view that (i) the CB Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Placing CB Parties; (ii) the CB Placing will enlarge the shareholder base and capital base of the Company if the Placing Bondholders choose to convert the Placing CB into the Placing Conversion Shares; (iii) the net proceeds from the CB Placing will strengthen the cash position of the Company for its business operation and development; and (iv) the CB Placing will not have an immediate dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors consider that the terms of the CB Placing Agreement (including the Placing Conversion Price and placing commission) are fair and reasonable and the CB Placing is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to discontinue or dispose of or scale down any of its existing businesses or assets. The Company may, based on its business development needs or situations, to consider acquisitions, disposals or other matters in the future. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

EGM

The EGM will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 6 June 2024 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Placing CB, allotment and issue of the Placing Conversion Shares, and 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.

LETTER FROM THE BOARD

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.

A notice of EGM is set out on pages EGM-1 to EGM-2 of this circular.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries as at the Latest Practicable Date, no Shareholder has a material interest in the CB Placing Agreement and the transactions contemplated thereunder and therefore no Shareholder will be required to abstain from voting at the EGM to approve the relevant resolution regarding the CB Placing and the Specific Mandate.

Shareholders and potential investors of the Company should note that the CB Placing Closing is subject to the fulfilment of the conditions precedent under the CB Placing Agreement. As the CB Placing Closing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

RECOMMENDATION

The Board considers that the terms and conditions of the CB Placing 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 CB Placing Agreement and the transactions contemplated thereunder, including the issue of the Placing CB, allotment and issue of the Placing Conversion Shares, and the grant of the Specific Mandate at the EGM.

LETTER FROM THE BOARD

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

NOTICE OF EGM



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 (the “EGM”) of Value Convergence Holdings Limited (the “Company”) will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 6 June 2024 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

“THAT:

1. (a) the placing agreement dated 22 February 2024 (the “**CB Placing 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 the Company and VC Brokerage Limited in relation to the placing of convertible bonds of the Company in the principal amount of up to HK\$84,000,000 (the “**Placing CB**”) entitling the holders thereof to convert the principal amount thereof into a maximum of 700,000,000 new shares (the “**Placing Conversion Share(s)**”) of the Company at the initial conversion price of HK\$0.12 (subject to adjustment) per Placing Conversion Share and the transactions contemplated thereunder (including the issue of the Placing CB, allotment and issue of the Placing Conversion Shares) be and are hereby approved, confirmed and ratified;
- (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Conversion Shares to be allotted and issued, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Placing Conversion Shares; and
- (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 CB Placing Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any

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terms thereof, which are not fundamentally different from those as provided in the CB Placing 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, 22 May 2024

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 were 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. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions” after super typhoons is in effect any time at or after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at www.vcgroup.com.hk and the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

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.