
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Value Convergence Holdings Limited (the “Company”), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 mentioned herein.



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

**(1) THE FURTHER EXTENSION OF
PLACING PERIOD OF THE PLACING OF
CONVERTIBLE BONDS
AND
(2) NOTICE OF EXTRAORDINARY
GENERAL MEETING**

Financial Adviser to the Company



Placing Agent



A notice convening the extraordinary general meeting of the Company to be held at 29th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Tuesday, 28 August 2018 at 10:30 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 extraordinary general meeting of the Company in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event by 5:00 p.m. (Hong Kong Time) on Saturday, 25 August 2018 or 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 extraordinary general meeting of the Company or any adjournment thereof (as the case may be) should you so wish.

3 August 2018

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DEFINITIONS

The following terms have the following meanings in this circular unless the context otherwise requires:

“2017 Share Placing”	the placing of 132,000,000 new Shares at the placing price of HK\$0.91 per Share, which has been completed on 18 August 2017
“2017 Share Placing Price”	HK\$0.91 per placing Share for the 2017 Share Placing
“2018 Share Placing”	the top-up placing of up to 60,000,000 existing Shares at the placing price of HK\$1.45 per Share and the subscription of up to 60,000,000 new Shares at the subscription price of HK\$1.45, which have been completed on 29 June 2018 and 10 July 2018 respectively
“2018 Share Placing Price”	HK\$1.45 per placing Share
“associates”	has the meaning ascribed to it in the Listing Rules
“Beijing Heyuan”	北京合源融金股權投資中心(有限合夥)(transliterated as Beijing Heyuan Finance Equity Investment Centre (limited partnership)*), a limited partnership established in the PRC with limited liability
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“CSRC”	the China Securities Regulatory Commission
“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 Joint Venture Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	HK\$0.65 per Conversion Share (subject to adjustments)
“Conversion Right(s)”	the right(s) to convert the principal amount or a part of the Convertible Bonds into Shares pursuant to the terms of the Convertible Bonds

DEFINITIONS

“Conversion Share(s)”	the Share(s) to be issued by the Company pursuant to the exercise of the Conversion Rights under the Convertible Bonds
“Convertible Bond(s)”	the Convertible Bond(s) in the aggregated principal amount of up to HK\$850 million to be issued by the Company pursuant to the Placing Agreement
“Directors”	directors of the Company
“Extended Placing Period”	the period commencing from the date of the Fourth EGM and terminating at 5:00 p.m. on the date falling three (3) calendar months after the date of the Fourth EGM (or such later date as may be agreed between the Placing Agent and the Company), unless terminated earlier in writing pursuant to the terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation)
“Fifth Deed of Variation”	the fifth deed of variation entered into between the Company and the Placing Agent on 12 January 2018 to amend and supplement the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation, Second Deed of Variation, Third Deed of Variation and Fourth Deed of Variation), details of which were disclosed in the announcement of the Company dated 12 January 2018
“Fifth EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve (among other things) the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate
“First Circular”	the circular of the Company dated 26 September 2016 for the First EGM
“First Deed of Variation”	the deed of variation entered into between the Company and the Placing Agent on 20 September 2016 to amend and supplement the Placing Agreement, details of which were disclosed in the announcement of the Company dated 20 September 2016
“First EGM”	the extraordinary general meeting held by the Company on 26 October 2016 which approved (among other things) the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate

DEFINITIONS

“Fourth Circular”	the circular of the Company dated 23 February 2018 for the Fourth EGM
“Fourth Deed of Variation”	the fourth deed of variation entered into between the Company and the Placing Agent on 28 June 2017 and as amended by the Supplemental Deed to amend and supplement the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation, Second Deed of Variation and Third Deed of Variation), details of which were disclosed in the announcements of the Company dated 28 June 2017 and 20 September 2017
“Fourth EGM”	the extraordinary general meeting held by the Company on 27 March 2018 which approved (among other things) the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Further Extended Placing Period”	the period commencing from the date of the Placing Agreement and terminating at 5:00 p.m. on the date falling three (3) calendar months after the date of the Fifth EGM (or such later date as may be agreed between the Placing Agent and the Company), unless terminated earlier in writing pursuant to the terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation)
“Group”	the Company and its subsidiaries
“Guangxi Hande”	廣西瀚德集團有限公司 (transliterated as Guangxi Hande Group Company Limited*), a company incorporated in the PRC with limited liability
“Guangxi Jintou”	廣西金融投資集團有限公司 (transliterated as Guangxi Financial Investment Group Company Limited*), a company incorporated in the PRC with limited liability
“Guangxi Railway”	廣西鐵路投資集團有限公司 (transliterated as Guangxi Railway Investment Group Co., Ltd.), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the joint venture agreement dated 21 July 2016 entered into among VC Brokerage, Guangxi Jintou, Guangxi Hande and Beijing Heyuan in relation to the establishment of the JV Company

DEFINITIONS

“JV Company”	金港證券股份有限公司 (transliterated as Jingang Securities Company Limited*), a company limited by shares to be incorporated under the laws of the PRC pursuant to the Joint Venture Agreement
“JV Partners”	collectively VC Brokerage, Guangxi Jintou, Guangxi Hande and Beijing Heyuan and each a “ JV Partner ”
“Latest Practicable Date”	31 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long-stop Date”	27 September 2018
“Placee(s)”	placee(s) of the Convertible Bonds under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation)
“Placing”	the best effort placing of up to a maximum aggregate principal amount of HK\$850 million of Convertible Bonds on the terms and subject to the conditions set out in the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation)
“Placing Agent”	Fortune (HK) Securities Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 21 July 2016 in respect of the Placing
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Deeds of Variation”	the First Deed of Variation, Second Deed of Variation, Third Deed of Variation, Fourth Deed of Variation and Fifth Deed of Variation
“Second Circular”	the circular of the Company dated 27 February 2017 for the Second EGM

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“Second Deed of Variation”	the second deed of variation entered into between the Company and the Placing Agent on 18 November 2016 to amend and supplement the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation), details of which were disclosed in the announcement of the Company dated 18 November 2016
“Second EGM”	the extraordinary general meeting held by the Company on 29 March 2017 which approved (among other things) the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation, Second Deed of Variation and Third Deed of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the issued ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sixth Deed of Variation”	the sixth deed of variation entered into between the Company and the Placing Agent on 27 June 2018 to amend and supplement the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation), details of which were disclosed in the announcement of the Company dated 27 June 2018
“Specific Mandate”	the specific mandate to allot and issue the Conversion Shares to be sought from the independent Shareholders at the extraordinary general meetings of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed to the Fourth Deed of Variation entered into between the Company and the Placing Agent on 20 September 2017 to extend the long-stop date of the Fourth Deed of Variation from 28 September 2017 to 27 October 2017
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Third Circular”	the circular of the Company dated 22 September 2017 for the Third EGM

DEFINITIONS

“Third Deed of Variation”	the third deed of variation entered into between the Company and the Placing Agent on 17 January 2017 to amend and supplement the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation and the Second Deed of Variation), details of which were disclosed in the announcement of the Company dated 17 January 2017
“Third EGM”	the extraordinary general meeting held by the Company on 12 October 2017 which approved (among other things) the Placing Agreement (as supplemented, varied and amended by the First Deed of Variation, Second Deed of Variation, Third Deed of Variation and Fourth Deed of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate
“VC Brokerage”	VC Brokerage Limited, an indirect wholly owned subsidiary of the Company, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency in the PRC
“%”	per cent.

For illustration purposes in this circular, the amounts in RMB are translated to HK\$ at the rate of RMB1.00 = HK\$1.20. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

** for identification purposes 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 (*Chairman*)
Mr. Tin Ka Pak, Timmy (*Chief Executive Officer*)
Mr. Lin Hoi Kwong, Aristo
Mr. Xie Jintai
Ms. Shen Li
Mr. Zhang Min
Mr. Jiang Tian

Registered Office:

28th Floor, The Centrium
60 Wynndam Street
Central
Hong Kong

Independent Non-Executive Directors:

Mr. Wong Chung Kin, Quentin
Mr. Wong Kam Choi, Kerry, MH
Mr. Siu Miu Man, Simon

3 August 2018

To the Shareholders

Dear Sir or Madam,

THE FURTHER EXTENSION OF PLACING PERIOD OF THE PLACING OF CONVERTIBLE BONDS

INTRODUCTION

References are made to (i) the announcements of the Company dated 24 July 2016 and 20 September 2016 in relation to, among other matters, the formation of the JV Company and the Placing of Convertible Bonds of up to a maximum principal amount of HK\$850 million and the First Deed of Variation to the Placing Agreement, respectively; (ii) the First Circular; (iii) the announcement of the Company dated 26 October 2016 in relation to the poll results of the First EGM; (iv) the announcement of the Company dated 18 November 2016 in relation to the Second Deed of Variation; (v) the announcement of the Company dated 17 January 2017 in relation to the Third Deed of Variation; (vi) the Second Circular; (vii) the announcement of the Company dated 29 March 2017 in relation to the poll results of the Second EGM; (viii) the announcements of the Company dated 28 June 2017 and

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20 September 2017 in relation to the Fourth Deed of Variation and the Supplemental Deed; (ix) the Third Circular; (x) the announcement of the Company dated 12 October 2017 in relation to the poll results of the Third EGM; (xi) the announcement of the Company dated 12 January 2018 in relation to the Fifth Deed of Variation; (xii) the Fourth Circular; (xiii) the announcement of the Company dated 27 March 2018 in relation to the poll results of the Fourth EGM; (xiv) the announcement of the Company dated 27 June 2018 in relation to the Sixth Deed of Variation; and (xv) the announcement of the Company dated 20 July 2018 in relation to the business update on the formation of the JV Company.

Pursuant to the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation), the Extended Placing Period shall be the period commencing from the Fourth EGM and terminating at 5:00 p.m. on the date falling three (3) calendar months after the date of the Fourth EGM (or such later date as may be agreed between the Placing Agent and the Company), unless terminated earlier in writing pursuant to the terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation). As the Fourth EGM was held on 27 March 2018, the Extended Placing Period ended at 5:00 p.m. on 27 June 2018.

On 27 June 2018 (after trading hours), the Company and the Placing Agent, after arm's length negotiations, entered into the Sixth Deed of Variation to the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) pursuant to which, the Company and the Placing Agent have agreed to further extend the placing period under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) to the date falling three (3) calendar months after the date of the Fifth EGM approving the Sixth Deed of Variation, subject to the approval by the Shareholders at the Fifth EGM.

The entering into of the Sixth Deed of Variation and the Further Extended Placing Period contemplated thereunder is subject to the approval of Shareholders (or, if the Placees become a connected person of the Company, independent Shareholders other than the Placees) having been obtained at a general meeting of the Company on or before 27 September 2018.

The purpose of this circular is to provide you with, among other things, (i) further information on the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation); (ii) the Sixth Deed of Variation; (iii) the latest status of the Placing and the formation of JV Company; and (iv) the notice of the Fifth EGM.

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THE TERMS OF THE PLACING AGREEMENT (AS SUPPLEMENTED, VARIED AND AMENDED BY THE PREVIOUS DEEDS OF VARIATION)

Set out below are the principal terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation):

Date	21 July 2016	(Placing Agreement)
	20 September 2016	(First Deed of Variation)
	18 November 2016	(Second Deed of Variation)
	17 January 2017	(Third Deed of Variation)
	28 June 2017	(Fourth Deed of Variation)
	20 September 2017	(Supplemental Deed)
	12 January 2018	(Fifth Deed of Variation)
Parties	(i) Issuer:	The Company
	(ii) Placing Agent:	Fortune (HK) Securities Limited
	The Placing Agent is 100% owned by China Fortune Financial Group Limited (Stock Code: 290). To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Placing Agent and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.	
Conditions Precedent	Completion of the Placing is conditional upon fulfillment of the following conditions:	
	(a)	VC Brokerage having obtained all necessary consent, licences, permits and approvals required for the establishment of the JV Company from any court, or government authority or regulatory body in Hong Kong and other relevant jurisdictions;
	(b)	the Company having obtained the approval of its Shareholders at the extraordinary general meeting for the entering into of the Joint Venture Agreement in relation to the establishment of the JV Company and the transactions contemplated thereunder including but not limited to the capital contribution by VC Brokerage into the JV Company;

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- (c) the Company having obtained the approval of its shareholders at the extraordinary general meeting for the entering into of the Placing Agreement and the transactions contemplated thereunder including not limited to the issue of the Convertible Bonds and the allotment and issue by the Company of the Conversion Shares from time to time upon exercise of the Conversion Rights under the Convertible Bonds;
- (d) the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares; and
- (e) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof.

If the conditions above are not fulfilled or waived (condition (e) is waivable by the Placing Agent and conditions (a), (b), (c) and (d) shall not be waived) prior to expiry of the Extended Placing Period of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) will lapse and become null and void and the parties shall be released from all obligations under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation), save for the liabilities for any antecedent breaches.

For conditions (b) and (c), the Company has obtained independent Shareholders' approval at the First EGM, the Second EGM, the Third EGM and the Fourth EGM for (i) the Joint Venture Agreement and the transaction contemplated thereunder; and (ii) the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) and the transactions contemplated thereunder, including the grant of the Specific Mandate. On 27 June 2018, the Company and the Placing Agent entered into the Sixth Deed of Variation to the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) after arm's length negotiations, pursuant to which the Company and the Placing Agent had agreed to further extend the placing period under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) to the date falling three (3) calendar months after the date of the Fifth EGM approving the Sixth Deed of Variation. Further details of the Sixth Deed of Variation are set out in the subsection headed "Terms of the Sixth Deed of Variation" below.

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For any further extension of the date of completion of the Placing after three months from the date of the Fifth EGM (i.e. the Further Extended Placing Period) which will be treated as a new transaction of the Company, the Company would have to comply with the relevant Listing Rules requirements (including Shareholders' approval).

Termination

The Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) may be terminated by the Placing Agent if at any time prior to 9:00 a.m. of the date immediately preceding the completion date of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation):

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the sole opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole;
 - (ii) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, 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 ejusdem generis with the foregoing), which may or may be expected to, in the sole opinion of the Placing Agent, adversely affect the business or financial or trading position or prospects of the Group as a whole or prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
 - (iii) any significant change (whether or not permanent) in local, regional, national or international market conditions (including without limitation suspension or material restriction on trading in securities or any conditions affecting a sector of the market) which may or may be expected to adversely affect the success of the Placing or otherwise in the sole opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

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- (b) the Company commits any material breach of or any material omission to observe any of the obligation or undertakings expressed or assumed under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation);
- (c) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of any announcements or circulars relating to the Placing and the entering into of the Joint Venture Agreement by VC Brokerage in relation to the establishment of the JV Company and the transactions contemplated thereunder; or
- (d) any breach of any of the warranties which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) which in the sole opinion of the Placing Agent and in its absolute discretion is material in the context of the Placing,

then and in any such case, the Placing Agent may, in its absolute discretion, terminate the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) without liability to the Company (save the liabilities for any antecedent breach of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation)) by the Placing Agent) by giving notice in writing to the Company, which notice may be given at any time prior to the completion date of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation).

Completion

Completion of the Placing shall take place no later than the fifth (5th) Business Day after (i) the satisfaction of all the conditions precedent to the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation); and (ii) the conclusion of the list of Placee(s) on the subscription date (whichever is later), or such later date as may be agreed by and between the Company and the Placing Agent.

Placing Commission

The Placing Agent shall receive a placing commission of 2.5% of the amount equal to the principal amount of the Convertible Bonds which the Placing Agent has successfully procured subscribers to subscribe for the Convertible Bonds at the end of the Further Extended Placing Period.

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Placees The Convertible Bonds will be placed to not less than six (6) Placees on best effort basis, who are professional or institutional investors who and whose ultimate beneficial owners are independent of and not connected with the directors, chief executives or substantial shareholders of the Company and its connected persons.

The principal terms of the Convertible Bonds are as follows:

Issuer: The Company

Principal amount: Up to HK\$850 million

Conversion price: The price at which each Share shall be issued upon conversion shall be HK\$0.65 subject to adjustment. The initial conversion price of HK\$0.65 represents:

- (i) a discount of approximately 49.61% to the closing price of HK\$1.290 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (i.e. 21 July 2016);
- (ii) a discount of approximately 49.77% to the average closing price for the five consecutive trading days immediately prior to the date of the Placing Agreement as quoted on the Stock Exchange of HK\$1.294 per Share;
- (iii) a discount of approximately 56.08% to the closing price of HK\$1.480 per Share as quoted on the Stock Exchange on the latest practicable date (i.e. 23 September 2016) of the First Circular;
- (iv) a discount of approximately 67.01% to the closing price of HK\$1.97 per Share as quoted on the Stock Exchange on the latest practicable date (i.e. 21 February 2017) of the Second Circular;
- (v) a discount of approximately 65.79% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on the latest practicable date (i.e. 18 September 2017) of the Third Circular;
- (vi) a discount of approximately 62.64% to the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on the latest practicable date (i.e. 15 February 2018) of the Fourth Circular;
- (vii) a discount of approximately 63.69% to the closing price of HK\$1.79 per Share as quoted on the Stock Exchange on the date of the Sixth Deed of Variation (i.e. 27 June 2018); and

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(viii) a discount of approximately 40.91% to the closing price of HK\$1.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date of this circular.

Assuming that the Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of HK\$0.65, up to a total of 1,307,692,307 Conversion Shares will be issued which represent approximately 122% of the issued share capital of the Company as at the Latest Practicable Date and approximately 54.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The initial conversion price is subject to anti-dilution adjustment provisions upon the occurrence of: (a) consolidation and subdivision; (b) capitalization of profits or reserves; and (c) capital distribution.

Pursuant to the Sixth Deed of Variation, the placing period of the Placing Agreement (as supplemented varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) is proposed to be extended to three months from the date of the Fifth EGM (i.e. the Further Extended Placing Period) due to additional time required for the Company to fulfil the conditions precedent as set out in the Placing Agreement. The key terms of the Placing structure, particularly the initial Conversion Price, remain unchanged which were agreed between the Company and the Placing Agent after arm's length negotiation by reference to, among other things, the financial performance of the Group for the year ended 31 December 2015, liquidity and historical trading prices of the Shares prior to the entering into of the Placing Agreement on 21 July 2016 as stated in the First Circular; and have been presented to potential Placees by the Placing Agent. In addition, the Share price experienced an upward trend from HK\$1.29 per Share since the date of the Placing Agreement on 21 July 2016 and surged to HK\$2.95 per Share on the date of the First EGM. The Share price reached its peak at HK\$3.31 per Share on 16 November 2016 which subsequently entered into a downward trend and dropped to HK\$1.64 per Share on the date of the entering into of the Fifth Deed of Variation (i.e. 12 January 2018), representing an increase of approximately 27.1% from HK\$1.29 per Share on the date of the Placing Agreement. The Share price has been stable afterwards and experienced a short-term increase to reach HK\$2.54 per Share on 7 March 2018. It then entered into a downward trend and dropped to HK\$1.79 per Share on the date of the entering into of the Sixth Deed of Variation (i.e. 27 June 2018), representing an increase of approximately 38.8% from HK\$1.29 per Share on the date of the Placing Agreement.

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Having considered (i) the above fluctuation in Share price was resulted from the drastic market reaction since the entering into of the Joint Venture Agreement and the Placing Agreement which did not persist after reaching the peak of Share price at HK\$3.31 per Share on 16 November 2016; (ii) the surge on the Share price since the date of the Placing Agreement has not been sustainable and the Share price of HK\$1.79 on the date of the entering into of the Sixth Deed of Variation represents an increase of approximately 38.8% from HK\$1.29 per Share on the date of the Placing Agreement; and (iii) the initial Conversion Price was negotiated and concluded between the Company and the Placing Agent on an arm's length basis before the entering into of the Placing Agreement, which has been approved in the First EGM by independent Shareholders, the Directors consider that it is fair and reasonable to maintain the initial Conversion Price at HK\$0.65 per Share under the Placing Agreement.

- Conversion period:** The period from the date of issue of the Convertible Bonds to and including the day immediately prior to the maturity date, provided that if the Company fails to redeem the Convertible Bonds on the due date in accordance with the terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation), the period shall continue until redemption in full occurs.
- Maturity:** The Company shall repay such principal moneys outstanding under the Convertible Bonds to the Bondholder together with all interest accrued thereon up to and including the date of repayment on the second anniversary of the date of issue of the Convertible Bonds.
- Interest:** The Convertible Bonds shall bear interest from the date upon which each such Convertible Bonds is issued until the date of redemption or the conversion date of the Convertible Bonds at the rate of two percent (2%) per annum.
- Transferability:** The Convertible Bonds are transferable.
- Conversion restrictions:** The Bondholder shall not be entitled to exercise the Conversion Rights unless in compliance with all the following conditions:

LETTER FROM THE BOARD

A Bondholder shall not exercise any Conversion Rights, and the Company shall not be required to issue any Conversion Shares, if, as a result of such exercise, (a) less than 25% of the Company's issued shares would be held by the public (as such expression is defined in the Listing Rules) immediately after the relevant exercise of Conversion Rights; (b) the Bondholder and/or parties acting in concert with it would be required to make a mandatory general offer for the Shares held by the Company's other shareholders under the Takeovers Code (whether or not a waiver from such general offer obligations would be granted by the SFC) will be directly or indirectly triggered; or (c) the Bondholder would thereby become a substantial shareholder (as defined in the SFO) of one or more subsidiaries of the Company which are regulated under Part V of the SFO, unless the Bondholder has first been approved by the SFC under Part V of the SFO to become such a substantial shareholder.

Status:

The obligations of the Company arising under the Convertible Bonds 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.

The Conversion Shares issued upon exercise of Conversion Rights shall rank *pari passu* in all respects with all other existing Shares outstanding at the conversion date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the conversion date.

Application for listing: No application will be made for a listing of the Convertible Bonds.

Voting rights: The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Bondholder.

TERMS OF THE SIXTH DEED OF VARIATION

On 27 June 2018, the Company and the Placing Agent entered into the Sixth Deed of Variation after arm's length negotiations, pursuant to which the Company and the Placing Agent had conditionally agreed to further extend the placing period under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) to the date falling three (3) calendar months after the date of the Fifth EGM approving the Sixth Deed of Variation, subject to the approval by the Shareholders at the Fifth EGM. Set out below are the principal terms of the Sixth Deed of Variation.

Date	27 June 2018	
Parties	(i) Issuer:	The Company
	(ii) Placing Agent:	Fortune (HK) Securities Limited

LETTER FROM THE BOARD

Amendment and variation in respect of the placing period of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) under the Sixth Deed of Variation

Subject to the terms and the conditions precedent of the Sixth Deed of Variation, the Company and the Placing Agent have agreed to extend the placing period under the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) to the Further Extended Placing Period.

Condition Precedent for the Further Extended Placing Period

The Further Extended Placing Period shall be conditional upon the passing by the Shareholders (or independent Shareholders, as the case may be) of the Company of such resolution as may be necessary approving the Sixth Deed of Variation and the Further Extended Placing Period contemplated thereunder in accordance with the Listing Rules, its articles of association and as required by application laws and regulations (as the case may be).

Each of the Company and the Placing Agent shall use its best endeavours to procure the fulfillment of the conditions precedent of the Sixth Deed of Variation on or before the Long-stop Date.

If the condition precedent of the Sixth Deed of Variation is not fulfilled on or before the Long-stop Date, the provisions of the Sixth Deed of Variation except clause on the governing law which shall remain in full force and effect, shall from such date cease to have any further force and effect and none of the Company or the Placing Agent shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions of the Sixth Deed of Variation.

Subject to the condition precedent of the Sixth Deed of Variation having been fulfilled on or before the Long-stop Date, the Further Extended Placing Period shall thereupon immediately take effect and the Placing Agreement shall be supplemented, amended and varied by and in accordance with the terms of the Sixth Deed of Variation.

All other terms and conditions of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) shall remain unchanged and be in full force and effect and are enforceable in accordance with its terms, as so varied.

LETTER FROM THE BOARD

STATUS OF THE FORMATION OF THE JV COMPANY

Information about the JV Company

Pursuant to the First Circular, the JV Company, when established, will be a limited liability company in the PRC with a registered capital of RMB1,000 million, which will be owned as to 44.5% by VC Brokerage, 45.52% by Guangxi Jintou, 4.99% by Guangxi Hande and 4.99% by Beijing Heyuan. The proposed principal activities of the JV Company shall include provision of regulated securities related services including, securities brokerage, securities trading and securities investment consultation, underwriting and sponsorship in securities, securities dealing, securities and assets management, securities margin trading, proxy sale of securities products and funds; agency service for futures trading firms; custody service of securities investment fund; market maker of securities futures and any other business approved by the CSRC. The parties may from time to time, by way of board resolutions of the JV Company and subject to the applicable laws and regulations, take all necessary actions to obtain the necessary approvals or licenses to expand the authorised business scope of the JV Company. Further details of the formation of the JV Company are set out in the First Circular.

On 25 July 2016, the applications for the formation of the JV Company have been submitted to the CSRC for the establishment of and the grant of regulatory licenses to the JV Company. After submission of the application, Guangxi Jintou, who is responsible for liaising with the CSRC on the application matters, has been working closely with the relevant governmental body in Guangxi through meetings with the relevant key officers to keep abreast with the application progress and understand the stance of the regulatory authorities on the application and additional updated information submitted by the Company. As requested by Guangxi Jintou, the Company has submitted updated information, including but not limited to, the latest shareholding structure and the latest financial information of VC Brokerage and the Company to them for further lodgment to the CSRC in April 2017, January 2018 and April 2018. In June 2018, Guangxi Jintou together with the officer of the local government in Guangxi had meeting with the responsible persons of the CSRC. The CSRC has requested VC Brokerage to further explain and provide supporting documents for certain information.

In addition, as advised by Guangxi Jintou, JV Partners would be changed. The total investment amount for the formation of the JV Company, which remains as RMB1,000 million, shall now be contributed by VC Brokerage, Guangxi Jintou and Guangxi Railway in the amount of RMB445 million, RMB455 million and RMB100 million, representing 44.5%, 45.5% and 10% shareholding in the JV Company, respectively. VC Brokerage is entitled to nominate 3 equity directors (instead of 2 equity directors as initially agreed) in the board of directors of the JV Company and 2 non-employee supervisors (instead of 1 non-employee supervisor as initially agreed) in the board of supervisors of the JV Company. The restriction on transfer of the equity interest in the JV Company for VC Brokerage shall be shortened from 48 months to 36 months. The amount of capital contribution and the shareholding of VC Brokerage in the JV Company remains unchanged and the Directors consider there are no material changes on the interest of the Group in terms of the formation of the JV Company.

LETTER FROM THE BOARD

Guangxi Railway is a limited liability company which is solely incorporated by State-owned Assets Supervision and Administration Commission in Guangxi Zhuang Autonomous Region* (廣西壯族自治區人民政府國有資產監督管理委員會) in the PRC. It is principally engaged in the investment and financing of railway and infrastructure construction in Guangxi, the PRC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, as at the Latest Practicable Date, each of Guangxi Railway and its respective ultimate beneficial owner is third party independent of and not connected with the Company and its connected persons.

In this regard, VC Brokerage shall execute the relevant documents for further submission to the CSRC in relation to the formation of the JV Company. As at the Latest Practicable Date, the issued share capital of VC Brokerage has been enlarged from HK\$330,000,000 to HK\$400,000,000, and the Directors are of the view that the relevant authority has been minded the application of the formation of the JV Company and they are optimistic about the future prospects of the formation of the JV Company.

STATUS OF THE PLACING

Based on the progress of the Placing as at the Latest Practicable Date advised by the Placing Agent, it is expected that three potential placees are the existing Shareholders, and none of them will become a substantial Shareholder of the Company assuming the Convertible Bonds are fully placed and converted.

The Placing Agent has been working on the Placing since the entering into of the Placing Agreement and has kept the Company updated on the progress of the Placing from time to time. Subsequent to the further extension of the placing period approved in the Fourth EGM and prior to the execution of the Sixth Deed of Variation, the Placing Agent updated the placing progress and advised that, other than those Placees who had committed before issue of the First Circular, the Second Circular, the Third Circular and the Fourth Circular, it had identified other potential investors who had expressed interest in subscribing the Convertible Bonds. However, these interested parties had reservations to execute any legally binding agreement at this stage and would prefer to do so when more information about the approval of the JV Company is available. The Placing Agent has further advised that they are optimistic that a substantial portion, if not all, of the Convertible Bonds can be successfully placed provided that the approval of the JV Company is granted by the CSRC.

Pursuant to the acknowledgement letter to be executed by the Placees on or before the Fifth EGM date, the Placees will undertake that they and their respective associates will abstain from voting in the Fifth EGM in case that they become the Shareholders on or before the Fifth EGM date. The Placees will further undertake that in the event that at any time prior to the completion of the Placing, they do not comply with the above undertakings, then the Company shall terminate the contract concluded between the relevant Placee and the Placing Agent in relation to the Placing with immediate effect.

LETTER FROM THE BOARD

REASONS FOR THE PLACING AND ENTERING INTO OF THE SIXTH DEED OF VARIATION AND USE OF PROCEEDS

The Group is an established financial services group committed to delivering premier financial services and products that fulfill various investment and wealth management needs of clients in the Greater China region. The Group's expertise includes (i) provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance and other advisory services and asset management; and (ii) proprietary trading.

The Company completed the 2017 Share Placing and the 2018 Share Placing. The discount of the Conversion Price to the then prevailing market price of the Shares at the time of the Placing Agreement is steeper than that of the 2017 Share Placing Price and the 2018 Share Placing Price to the then prevailing market price of the Shares at the time of the 2017 Share Placing (of approximately 19.47%) and the 2018 Share Placing (of approximately 14.71%). However, the Directors consider the discount rates are not directly comparable given that: (i) the much larger fund raising amount of the Placing, which is approximately seven times and twelve times of the 2017 Share Placing amount and the 2018 Share Placing amount respectively; and (ii) the uncertain time of Completion imposes a longer commitment period and thus a higher degree of risk for the potential Placees. All net proceeds from the 2017 Share Placing had been utilised in 2017. The Company intends to use the net proceeds from the 2018 Share Placing for (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing, and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise.

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the aggregate gross proceeds from the Placing are expected to be HK\$850 million and the Company intends to use the net proceeds of approximately HK\$829 million from the Placing (i) as to approximately HK\$534 million for the payment of the capital contribution to the JV Company under the Joint Venture Agreement; and (ii) as to approximately HK\$295 million for the general working capital of the Group, expanding the securities margin and IPO financing and money lending businesses of the Group and other possible investment in the future when opportunities arise.

The Board has made the following key assumptions in determining the Group's expected funding requirements for the next twelve months from the date of this circular:

1. It is assumed that there will be no material deterioration in the operating environment of the securities industry in Hong Kong and other relevant jurisdictions in the Group operates and the Group's operations will not be materially adversely affected;
2. It is assumed that there will be no material change in existing government policies, and the Hong Kong government will continue to adopt macro-economic and monetary policies similar to those currently prevailing in order to maintain consistent economic growth;
3. It is assumed that there will be no material change in political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Hong Kong and other relevant jurisdictions in which the Group operates;

LETTER FROM THE BOARD

4. It is assumed that no abnormal or extraordinary events that are beyond the control of the Board will occur, including pandemic diseases, natural disasters, acts of war, military incidents, terrorist acts, and political unrest;
5. It is assumed that the Company and VC Brokerage can obtain all necessary approvals, authorisation, consent, licences, permits required for the establishment of the JV Company in Hong Kong and other relevant jurisdictions in which the Group operates;
6. Though the downturn in the local capital market continued in January 2017, the local investors' sentiment had improved subsequently and the local stock market had experienced steady growth throughout the year. Together with the implementation of the new trading platforms comprising the Stock Connect and Bond Connect in Hong Kong, which allow the international, the Mainland and the local investors to trade in each other's markets, it is vital to the local financial market infrastructure and strategy for the long term. Further, with the implementation of the Investment Agreement and Agreement on Economic and Technical Cooperation between Hong Kong and the Ministry of Commerce under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) with effect from 1 January 2018 and also the arrangement for advancing Hong Kong's full Participation in and contribution to the Belt and Road Initiative between Hong Kong and The National Development and Reform Commission from late December 2017, all these arrangements will certainly bring positive impact and help to boost the growth of the local financial market in the foreseeable future. Therefore, the additional funding will certainly provide flexibility for the Group to capture on the growth opportunities and expand the Group's existing businesses.

Based on the above assumptions, it is expected that the allocation and the timeline for the use of the net proceeds of approximately HK\$295 million are estimated to be as follow:

- a. approximately HK\$50 million for the Group's securities margin financing so as to provide additional funding for clients to acquire listed securities, which is estimated to be used in the first half of 2019;
- b. approximately HK\$100 million for the Group's IPO financing to provide funding for clients to invest in newly listed securities, which is estimated to be used from November 2018 onwards;
- c. approximately HK\$50 million for the Group's money lending services to clients so as to further develop and expand the money lending business by providing comprehensive financing solutions to clients for their corporate actions and shareholders' activities such as M&A loans, bridging loans and other short-term loans, which is estimated to be used as to HK\$25 million in the first half of 2019 and HK\$25 million in the second half of 2019;
- d. approximately HK\$50 million for the Group's proprietary investment trading so as to provide financial returns to the shareholders, which is estimated to be used as to HK\$25 million in the first half of 2019 and HK\$25 million in the second half of 2019; and
- e. the balance of approximately HK\$45 million for the Group's other general working capital.

LETTER FROM THE BOARD

However, because of the financial services business nature of the Group, the allocation and timeline for the use of the net proceeds will be significantly impacted by the local stock market condition and investors' sentiment. The Directors will re-comply with the Listing Rules requirements, including shareholders' approval in the event that the Company applies significant amounts of the net proceeds to usage(s) not disclosed in this circular. The Company is of the view that the threshold of significant amounts shall be either (i) 30% of the net proceeds of approximately HK\$295 million other than approximately HK\$534 million to be used for the capital contribution to the formation of the JV Company assuming the principal amount of HK\$850 million Convertible Bonds are fully placed or (ii) HK\$100 million, whichever is higher. The Company has no imminent or future plan to reallocate/change the use of proceeds.

The Directors consider that, after taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds, the available banking facilities and the estimated net proceeds from the placing of the Convertible Bonds, the Group has sufficient working capital for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances. Subject to successful completion of the Placing, the Directors currently have no other fund raising plans in the next twelve months.

The Directors are of the view that the Placing, assuming conversion of part or all the Convertible Bonds into Conversion Shares, will broaden the Shareholders' portfolio and also strengthen the financial position of the Group. As set out in the annual report of the Group for the year ended 31 December 2017, the Group's business strategies continue to include enlarging the Group's revenue base through fostering its existing core businesses, and tapping into new emerging markets with expanded business initiatives. The Group will also continue to explore the business opportunities in the PRC market. The Placing will therefore enhance the Group's flexibility in capturing the future business developments or investments as and when opportunities arise.

As at the Latest Practicable Date, the Placing Agent has entered into legally binding placing letters with potential Placees for subscription of Convertible Bonds in an aggregate amount of HK\$300 million under the original terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation). The Placing Agent has confirmed that such commitments would remain valid upon extension of the placing period as proposed. The Placing Agent has further advised that it has been approaching other potential subscribers since entering into of the Placing Agreement and is confident about procuring sufficient subscription interest for a substantial portion, if not all, of the Convertible Bonds to be issued under the Placing Agreement. The Company had explored alternative fund raising methods prior to entering into the Placing Agreement as explained in the First Circular, the Second Circular and the Third Circular. With a view to explore more favourable fund raising alternatives in terms of equity financing and debt financing so as to meet the imminent funding need of the Company for the formation of JV Company and general working capital, the Directors have maintained communications with the Group's bankers and other financial institutions from time to time prior to the entering into of the Sixth Deed of Variation. Taking into account (i) the substantial fund raising amount of the Placing amounted to HK\$850 million as mentioned above; and (ii) no material improvement in the Group's financial and trading positions since the entering into of the Placing Agreement, the above-mentioned financial institutions were not able to offer other fund raising alternatives with more favourable terms for the fund raising amount of HK\$850 million other than those provided by the Placing Agent. In light of the above, the Directors considered other fund raising alternatives to meet the fund raising amount of

LETTER FROM THE BOARD

HK\$850 million are not feasible. Subsequent to the further extension of the placing period approved in the Fourth EGM and before entering into the Sixth Deed of Variation, the Company had discussed with the Placing Agent about the possibility of amending the terms of the Convertible Bonds in the Company's favour but the Placing Agent had refused on the basis that it could turn off the already committed potential Placees as well as other interested subscribers. The Company had also approached other potential placing agents for undertaking the Placing on more favourable terms but to no avail.

As mentioned in the section headed "Status of the Formation of the JV Company" of this circular and pursuant to Supplement X of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Board is of the view that by committing the funds raised through the Placing to the formation of the JV Company, the Group shall be able to participate in setting up of the aforesaid full-licensed joint venture securities company in the PRC. The Board believes that its participation in the establishment and operation of the JV Company would offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. The JV Company, when established and licensed, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in the PRC and would enable the Group to engage in a full spectrum of securities and financial business in the PRC.

Although the Directors do not foresee any major obstacle to the establishment of the JV Company, the CSRC is still in the process of such application for the formation of JV Company. Therefore, the Further Extended Placing Period is essential as additional time is required for the Company to fulfil the conditions precedent as set out in the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) in order to complete the Placing.

By considering (i) the prospects of the JV Company as mentioned above; (ii) the need of the Company to utilise the net proceeds from the Placing for the capital contribution to the JV Company and its business development; and (iii) the commitment of the aggregate amount of HK\$300 million under the original terms of the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation) by potential Placees procured by the Placing Agent, the Board is of the view that the further extension of the placing period ascribed under the Sixth Deed of Variation is the only viable option and is in the interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Fund raising activities	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
28 July 2017; 4 August 2017; 18 August 2017	Placing of up to 132,000,000 new Shares under general mandate	Up to approximately HK\$117.1 million	<ul style="list-style-type: none"> (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise 	All net proceeds had been utilised based on the intended usage, in which approximately HK\$31.1 million, HK\$49.8 million, HK\$10 million, HK\$21.2 million and HK\$5 million were used for (i) acquisition of investment securities for proprietary trading business; (ii) providing additional working capital for brokerage and financing businesses; (iii) providing additional capital for corporate finance business; (iv) settlement of the Group's corporate administrative expenses; and (v) payment of the organization expenses for the formation of a joint venture respectively.
26 June 2018; 10 July 2018	Top-up placing of existing Shares and subscription of up to 60,000,000 new Shares under general mandate	Up to approximately HK\$85.5 million	<ul style="list-style-type: none"> (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing, and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise. 	The top-up placing of 50,904,000 existing Shares and subscription of 50,904,000 new Shares have completed on 29 June 2018 and 10 July 2018 respectively. The net proceeds from the placing was approximately HK\$72.6 million, which has not yet utilized.

Save as disclosed above, the Company has not conducted any fund raising exercises in connection with any issue of equity securities in the past twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows, for illustration purposes, and on the assumption that the shareholding structure of the Company remains unchanged save as otherwise disclosed herein and that the initial conversion price shall be HK\$0.65, the change in shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) after the issue of the Convertible Bonds and assuming the Conversion Rights under the Convertible Bonds are fully exercised:

Shareholder	Shareholding as at the Latest Practicable Date		Shareholding after the issue of the Convertible Bonds and assuming the Conversion Rights under the Convertible Bonds are fully exercised	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Power Global Group Limited (<i>Note 1</i>)	75,000,000	7.00%	75,000,000	3.15%
Mr. Chung Chi Shing, Eric (<i>Note 1</i>)	197,352,000	18.41%	197,352,000	8.30%
Mr. Wong Chung Kin, Quentin (<i>Note 2</i>)	500,000	0.05%	500,000	0.02%
Placees	158,380,000	14.77%	1,466,072,307	61.61%
Public Shareholders	<u>640,642,675</u>	<u>59.77%</u>	<u>640,642,675</u>	<u>26.92%</u>
Total	<u><u>1,071,874,675</u></u>	<u><u>100.00%</u></u>	<u><u>2,379,566,982</u></u>	<u><u>100.00%</u></u>

Notes:

1. Power Global Group Limited is a company 100% owned by Mr. Chung Chi Shing, Eric, the Honorable Chairman and substantial shareholder of the Company.
2. Mr. Wong Chung Kin, Quentin is an independent non-executive Director.

LISTING RULES IMPLICATIONS

The entering into of the Sixth Deed of Variation and the Further Extended Placing Period are subject to the approval of Shareholders at the Fifth EGM. Shareholders who will be the Placees are regarded as having material interest in the Placing and have undertaken that they and their respective associates, and where appropriate their ultimate beneficial owners will abstain from voting at the Fifth EGM. Saved as disclosed above, as at the Latest Practicable Date, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, no Shareholders has any material interest in the Joint Venture Agreement, Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) and the respective transactions contemplated thereunder.

LETTER FROM THE BOARD

FIFTH EGM

The Company will convene the Fifth EGM for the Shareholders to consider and, if thought fit, approve by way of poll, the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) and the transactions contemplated thereunder. A notice convening the Fifth EGM to be held at 29th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Tuesday, 28 August 2018 at 10:30 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 Fifth EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event by 5:00 p.m. (Hong Kong time) on Saturday, 25 August 2018 or 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 Fifth EGM or any adjournment thereof (as the case may be) should you so wish.

RECOMMENDATION

The Directors are of the view that the terms of the Placing Agreement (as supplemented, varied and amended by the Deeds of Variation and the Sixth Deed of Variation) are on normal commercial terms which are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and, recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the Fifth EGM to approve the Placing Agreement (as supplemented, varied and amended by the Previous Deeds of Variation and the Sixth Deed of Variation) and the transactions contemplated thereunder.

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.

ADDITIONAL INFORMATION

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

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

NOTICE OF FIFTH EGM



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

NOTICE OF FIFTH EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of Value Convergence Holdings Limited (the “**Company**”) will be held at 29th Floor., The Centrium, 60 Wyndham Street, Central, Hong Kong at 10:30 a.m. on Tuesday, 28 August 2018 (the “**Fifth EGM**”) for the purpose of considering, and if thought fit, passing, with or without amendments or modifications, the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the sixth deed of variation dated 27 June 2018 (the “**Sixth Deed of Variation**”, a copy of which has been produced to the Fifth EGM and marked “A” and initialed by the Chairman of the Fifth EGM for the purposes of identification) to the placing agreement dated 21 July 2016 (as supplemented varied and amended by the deeds of variation dated 20 September 2016, 18 November 2016, 17 January 2017, 28 June 2017 and 12 January 2018 respectively) (the “**Placing Agreement**”) between the Company as the issuer and Fortune (HK) Securities Limited as the placing agent, details of which are set out in the circular of the Company dated 3 August 2018 (the “**Circular**”, a copy of which has been produced to the Fifth EGM and marked “B” and initialed by the Chairman of the Fifth EGM for the purposes of identification) and the terms thereof be and are hereby confirmed, approved and ratified;
- (b) all the provisions of the Placing Agreement shall continue to remain in full force and effect and be operative and binding on the parties and that the Placing Agreement and the Sixth Deed of Variation shall hereafter be read and construed as one agreement and any provision in the Placing Agreement which is inconsistent with the changes contemplated by or provided in the Sixth Deed of Variation shall cease to apply or, as the case may be, be modified accordingly; and

NOTICE OF FIFTH EGM

- (c) any one or more Directors be and is/are hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Placing Agreement and the Sixth Deed of Variation and any transactions contemplated thereunder, including but not limited to the approval of any non-material amendments to the form of any document contemplated thereunder and to take all such actions, and execute or authorise the execution of all such documents, on behalf of the Company (including by affixing the Company's common seal to any such documents in accordance with the Company's articles of association) as such Director(s) shall consider to be necessary, convenient or desirable in connection with any of the foregoing."

By Order of the Board of
Value Convergence Holdings Limited
Fu Yiu Man
Chairman and Executive Director

Hong Kong, 3 August 2018

Registered Office:
28th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in any event by 5:00 p.m. (Hong Kong Time) on Saturday, 25 August 2018 or not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the special general meeting or any adjourned meeting thereof should he so wishes.
3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.
4. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if shareholders so wish.
5. Pursuant to the Listing Rules, the resolution set out in this notice of extraordinary general meeting will be put to Shareholders to vote taken by way of a poll.