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[For Immediate Release]

## **VC Group and Macquarie Group Form a Private Equity Property Development Fund**

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### **Acquires HK\$300 Million of Land as Seed Project Targets Mid to High-end Residential Market in Macau**

(Hong Kong, 5 August 2008) Value Convergence Holdings Limited (“VC” or the Group, HKSE stock code: 8101), a renowned financial service group in the Greater China region, today announced that its wholly owned subsidiary VC Financial Group Limited has signed a joint venture agreement (the “JV agreement”) with Macquarie Macau<sup>1</sup> (a member of Macquarie Group (“Macquarie”)) to form a private equity property development fund (the “Proposed Fund”).

Pursuant to the JV agreement, a fund company - MVC Macau Property Development Fund Limited (the “JV Company”), is established and jointly owned by VC and Macquarie Macau. The Proposed Fund will focus on development of mid to high-end residential properties in Macau, entailing developing, building and selling of premium quality residential units. As the seed project of the Proposed Fund, an indirect subsidiary of the JV Company has signed a deed of undertaking to acquire a plot of land in Macau as a draw to third party investors. Located at Estrada de Cacilhas, São Lázaro, Macau, the site area of approximately 2,372 sq. m. will be developed into a high-end residential properties. After the introduction of third party investors, the JV Company will be transformed into a wholesale fund. It is expected that the Proposed Fund will be managed by another joint venture between VC and Macquarie – VC Property Asset Management Limited. The joint venture agreement of which has been signed in April 08.

The HK\$300 million consideration of the acquisition was determined with reference to the market value of the land as at 16 July 2008 at approximately HK\$360 million as estimated by Savills (Macau) Limited. The consideration shall be satisfied as to 40% (being approximately HK\$120 million) by way of external bank financing and as to 60% (being approximately HK\$180 million) by the JV Company, by way of contribution to the JV Company by Macquarie and VC in equal shares. The sale and purchase deed is expected to be signed in September 2008.

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<sup>1</sup> **Other than Macquarie Bank Limited ABN 46 008 583 542 (MBL), any Macquarie Group entity noted on this page is not an authorised deposit taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and that entity's obligations do not represent deposits or other liabilities of MBL. MBL does not guarantee or provide assurance in respect of the obligations of that entity, unless noted otherwise.**



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The Macau residential market has thrived in the past few years, thanks to the strong growth of the local economy and the gaming sector (Macau has overtaken Las Vegas as the world's top gaming revenue earner). VC looks at Macau as a market in transition where there is a great leap in investments and the economic structure. Recent moves of the local government to waive stamp duty for first-time buyers of domestic residential properties, as well as the continuous inflow of expatriates coming to work at new casinos and hotels in the city will bring about new market demand and promising demographic changes which are expected to drive long-term development of the residential property market.

**Mr. Patrick Sun, Chief Executive Officer of VC**, said, "Our JV partner Macquarie is well-recognized internationally for its real estate investment management expertise and proven track record in managing a sizable portfolio. Seeing encouraging prospects for the residential property market in Macau, the joint venture will strive to take advantage of the strong demand for good quality, well-located residential properties in Macau transforming into a world class gaming and entertainment destination. We believe the property market of Macau has tremendous growth potential.

"As a major financial services group that provides professional brokerage, corporate finance and asset management services, VC has always been keen to explore new business opportunities and diversify its product portfolio so as to enhance its fee-based revenue stream. We are naturally interested in deals and partnerships that would contribute to our overall financial performance and enhance shareholder value."

Looking ahead, VC believes the joint venture agreement is a crucial step in the Group's transformation into a full-fledged financial services group. "We will continue to adjust our focus to make sure we are able to take full advantage of our strong experience and management know-how in the financial services industry to explore potential strategic business opportunities in Macau and Asia," **Mr. Sun** concluded.

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#### **About VC**

VC is a major financial services group that provides professional brokerage, corporate finance and asset management services to a broad base of clients in the Greater China region. Its holding company, Value Convergence Holdings Limited (stock code: 8101), is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. As an associate of Melco International Development Limited (stock code: 200), VC combines the strength and experience of its professional management team with continuous support from its single largest shareholder for achieving steady growth. For more details, please visit [www.vcgroup.com.hk](http://www.vcgroup.com.hk).



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### **About Macquarie Real Estate Asia**

Macquarie Real Estate is a diverse business offering a range of services including funds management (through subsidiaries), development finance, advisory, research, global private equity raising, asset disposal strategies and property securitisation, globally. Circa US\$29 billion of real estate assets are managed globally by Macquarie Real Estate and its associates, across a portfolio of listed and unlisted property trusts, unlisted development funds and property investment syndicates. The business and its associates have more than 500 staff worldwide in 22 locations providing in Asia a wide range of investment products. Its skill set encompasses listed and private equity fund management, equity and debt capital raising, mezzanine financing and real estate investment banking.

### **Media Enquiries:**

#### ***Melco Group***

Maggie Ma                      Tel : (852) 3151 3767                      Email: maggiema@melco-group.com  
    Fax : (852) 3162 8375

#### ***Strategic Financial Relations Limited***

Mandy Go                      Tel: (852) 2864 4812                      Email: mandy.go@sprg.com.hk  
Cindy Lung                      Tel: (852) 2864 4867                      Email: cindy.lung@sprg.com.hk  
Angela Ng                      Tel: (852) 2864 4855                      Email: angela.ng@sprg.com.hk  
Brenda Liu                      Tel: (852) 2864 4851                      Email: brenda.liu@sprg.com.hk  
Fax:(852) 2804 2789