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Melco International Development Limited

新濠國際發展有限公司

(incorporated in Hong Kong with limited liability)

Connected and Discloseable Transaction

Reference is made to the Joint Announcement dated 12 October, 2002 made by the Company and Value Convergence Holdings Limited (formerly known as iAsia Technology Limited) and the subsequent Circular dated 16th November, 2002 sent by the Company to its shareholders.

As advised in the Joint Announcement and the Circular, the Company was a party to an Underwriting Agreement dated 28th September, 2002 under which the Company underwrites the rights issue of Value Convergence. The Underwriting Agreement is subject to a number of conditions precedent (more particularly described in the Joint Announcement and the Circular), which have all been satisfied. Accordingly, the Underwriting Agreement has become unconditional on 29th January, 2003.

Pursuant to the Underwriting Agreement, the Company has on 29th January, 2003 subscribed and paid for 1,007,582,287 shares of HK\$0.1 each of Value Convergence (representing 42.3% of the total issued shares of Value Convergence).

Following the said subscription of shares, a total of 1,679,303,811 shares of Value Convergence (representing approximately 70.51% of the total issued shares of Value Convergence) will be issued to the Company and the Company will become Value Convergence's holding company.

The subscription of shares in Value Convergence constitutes a connected and discloseable transaction of the Company. The transaction has been described in details in the Joint Announcement and the Circular and has been approved by independent shareholders of the Company at the Extraordinary General Meeting of the Company held on 10th December, 2002.

Joint Announcement and Circular

Reference is made to the Joint Announcement (“the Joint Announcement”) dated 12 October, 2002 made by the Company and Value Convergence Holdings Limited (formerly known as iAsia Technology Limited) (“Value Convergence”) and the subsequent Circular (“the Circular”) dated 16th November, 2002 sent by the Company to its shareholders. Capitalised terms used in this announcement shall have the same meaning as defined in the Circular unless otherwise stated.

Underwriting Agreement

As advised in the Joint Announcement and the Circular, the Company was a party to an Underwriting Agreement dated 28th September, 2002 (“the Underwriting Agreement”) under which the Company underwrites the rights issue of Value Convergence. The Underwriting Agreement is subject to a number of conditions precedent (more particularly described in the Joint Announcement and the Circular), which have all been satisfied. Accordingly, the Underwriting Agreement has become unconditional on 29th January, 2003.

Subscription and Payment of Shares in Value Convergence

Under the provisions of the Underwriting Agreement, if, at 4:00 p.m. on the final acceptance date of the rights issue, there remains any of the underwritten shares in respect of which valid acceptances of provisional allotments or valid excess application forms have not been received by Value Convergence, the Company shall subscribe or procure independent subscribers for the same on the terms of the rights issue documents and will pay or procure to be paid to Value Convergence the amount due in respect thereof on the settlement date. The Company has been informed by Value Convergence that valid acceptances of provisional allotments and valid excess application forms in respect of a total of 13,082,000 shares have been received by Value Convergence. Accordingly, pursuant to the provisions of the Underwriting Agreement, the Company has on 29th January, 2003 subscribed for 1,007,582,287 shares of HK\$0.1 each of Value Convergence. The amount payable to Value Convergence for the subscription of shares namely, HK\$100,758,228.70 has been satisfied as follows:

- (a) HK\$74,185,903.70 being settled by the Company’s payment to Value Convergence made on 29th January 2003;
- (b) HK\$23,000,000.00 being settled by setting off the unsecured principal amount advanced by the Company to Value Convergence under the loan agreement dated 20th January, 2003 entered into between the Company and Value Convergence for the purpose of enabling Value Convergence to pay part of the purchase price payable by it in connection with its acquisition of CEF Brokerage Limited, CEF Capital Limited and CEF Futures Limited (“the Acquisition”) (and due and repayable to the Company by Value Convergence on or before 30th January, 2003) against this amount;

- (c) HK\$3,572,325.00 being settled by setting off the underwriting commission due and payable to the Company by Value Convergence under the Underwriting Agreement against this amount.

The subscription money was funded from the Company's internal resources.

The Company Becoming Holding Company of Value Convergence

Following the said subscription of shares, a total of 1,679,303,811 shares of Value Convergence (being the total of the shares subscribed pursuant to the Underwriting Agreement and the bonus shares of Value Convergence issuable to the Company under the terms of the rights issue) will be issued to the Company. When such shares are issued, the Company will hold approximately 70.51% of the total issued shares of Value Convergence and will become the holding company of Value Convergence.

Upon completion of the rights issue of Value Convergence, the total shareholding of (a) the Company, (b) parties acting in concert with the Company and (c) connected persons of Value Convergence amount to 82.88% of the total issued shares of Value Convergence. As less than 20% of the issued share capital of Value Convergence will be held by the public after the rights issue, the Company has undertaken to Hong Kong Stock Exchange to take appropriate steps (including liaising with placing agents) within one month after the date of this announcement (i.e. on or before 3rd March, 2003) to place down the shares held by it (involving a total of 68,620,615 shares or approximately 2.88% of Value Convergence's issued share capital) to independent third parties so that the public float of Value Convergence is not less than 20% of its issued share capital. Value Convergence has applied for a waiver from strict compliance with rule 11.23 of the GEM listing rules until 3rd March, 2003.

The Company will hold the afore-mentioned shares in Value Convergence via a wholly-owned subsidiary and has requested Value Convergence to allot such shares to its said subsidiary.

Connected and Discloseable Transaction and Independent Shareholders' Approval

The subscription of the afore-mentioned shares in Value Convergence constitutes a connected and discloseable transaction for the Company. The transaction has been described in details in the Joint Announcement and the Circular and has been approved by independent shareholders of the Company at the Extraordinary General Meeting of the Company held on 10th December, 2002.

Principal Business Activities of Melco Group

The Company is an investment holding company and its subsidiaries are principally engaged in the operation of floating restaurants, property investment, investment in a travel services website and investments in listed and unlisted companies.

Value Convergence's Activities and Benefits of Transaction to the Company

Value Convergence carries on the business of providing (a) online financial trading systems and services to a broad range of customers, including securities and commodities dealers, banks, asset management companies, insurance companies and other financial intermediaries, (b) selected financial services, including transactions routing services, through its subsidiaries, and (c) securities brokerage, commodity trading and corporate financial advisory services in Hong Kong and PRC.

The Directors of the Company believe that the subscription of shares in Value Convergence provides an opportunity for the Company to invest in and own a business with good prospects given the potential synergy expected from the Acquisition and arising from provision of online financial trading systems and traditional full-fledged investment banking services such as securities brokerage, commodity trading and corporate finance services to customers in Hong Kong and the PRC. It also provides an opportunity to the Company to diversify its business into other segments and locations in accordance with the Company's strategy.

By order of the board of
Melco International Development Limited
Lawrence Ho
Managing Director

Hong Kong, 4th February, 2003

Please also refer to the published version of this announcement in The Standard.