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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)*



**VALUE CONVERGENCE HOLDINGS LIMITED**  
**滙盈控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**JOINT ANNOUNCEMENT**  
**CONNECTED TRANSACTION**  
**WITH SOCIEDADE DE JOGOS DE MACAU, S.A.**

**Financial adviser to Melco International Development Limited &  
Value Convergence Holdings Limited**



**VC CEF CAPITAL LIMITED**  
**滙盈加怡融資有限公司**

*(A wholly-owned subsidiary of Value Convergence Holdings Limited)*

**SUMMARY**

On 6 October 2003, Elixir, a 77.5% owned subsidiary of VC and an indirect subsidiary of Melco, has entered into the Service Arrangement, on a conditional basis, with SJM, a subsidiary of STDM, for the provision of information technology related services to SJM. Such Services comprises of System Integration Services for an aggregate value of about US\$6.53 million (HK\$50.80 million) and Maintenance Services for the aggregate value of about US\$0.61 million (HK\$4.75 million) up to the financial year end date of 31 December 2005.

SJM is a connected person for the purpose of the Main Board Listing Rules and the GEM Listing Rules by virtue of the fact that Dr. Stanley Ho, who is the chairman and executive director of Melco and VC, has an equity interest in, as well as being a director of, SJM and STDM respectively. Accordingly, the Service Arrangement and all transactions contemplated thereunder constituted non-exempt connected transaction for Melco under Rule 14.26 of the Main Board Listing Rules (by virtue of the fact that the total consideration for the Service Arrangement exceeds the higher of HK\$10,000,000 or 3% of the proforma unaudited consolidated net tangible assets of Melco Group as disclosed in the rights issue prospectus of Melco dated 29 August 2003) and non-exempt continuing connected transactions for VC under Rule 20.26 of the GEM Listing Rules (by virtue of the fact that the annual total consideration for the Service Arrangement exceeds the higher of HK\$1,000,000 or 0.03% of the unaudited adjusted consolidated net tangible assets of VC Group as at 30 June 2003) and are subject to, inter alia, the approval by the Melco Independent Shareholders and the VC Independent Shareholders (by way of poll) at the Melco EGM and the VC EGM respectively to be convened as soon as practicable.

Dr. Stanley Ho, who beneficially owns 6.89% shareholding interest in Melco, and his associate will abstain from voting at the Melco EGM. Bailey, being a management shareholder of VC which owns 3.10% shareholding interest in VC and beneficially owned as to 65% by Dr. Stanley Ho, will abstain from voting at the VC EGM.

Based on the interest of Dr. Stanley Ho in Shun Tak Shipping Company Limited and Melco, these companies are not the associates of Dr. Stanley Ho under the definitions of the respective Main Board Listing Rules and GEM Listing Rules. Accordingly Shun Tak Shipping Company Limited and Melco are not required to abstain from voting at the respective Melco EGM and VC EGM.

Since the Services to be provided pursuant to the Service Arrangement are expected to extend over a period of time and in separate Phases, the respective Annual Caps of about US\$3.00 million (HK\$23.34 million), US\$4.00 million (HK\$31.12 million) and US\$1.00 million (HK\$7.78 million) for the three financial years ending 31 December 2005 respectively will be proposed to VC Independent Shareholders for their approval at the VC EGM.

Each of the board of directors of Melco and VC, consider that the terms of the Service Arrangement are fair and reasonable and that they are arrived at after arm's length negotiations and are upon normal commercial terms, in the ordinary and usual course of business of the respective groups and in the interests of the respective shareholders of Melco and VC as a whole.

Each of Melco and VC will issue a circular to its own shareholders within 21 days from the date of this announcement, containing (as the case may be), among other things, (i) further information on the Service Arrangement and transactions contemplated thereunder; (ii) the recommendation from the independent board committee of Melco or VC; (iii) the advice from an independent financial adviser to the independent board committee of Melco or VC; and (iv) notice of the Melco EGM or the VC EGM.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of Melco and VC, trading in the shares of Melco and VC on the Stock Exchange was suspended with effect from 9:30 a.m. on 7 October 2003 pending the release of this announcement. Application has been made by Melco and VC to the Stock Exchange for the resumption of trading in the shares of Melco and VC with effect from 9:30 a.m. on 10 October 2003.

#### **BACKGROUND**

On 20 January 2003 and 16 July 2003, Elixir had entered into two separate services arrangements with SJM for the provision of information technology related services, including but not limited to, system integration and system network services to SJM for a value of about US\$570,000 (HK\$4.43 million) and US\$285,000 (HK\$2.22 million) respectively. Details of these Previous Arrangements had been disclosed in the announcements of VC dated 21 January 2003 and 17 July 2003 respectively.

In view of the quality of works and services that had been provided by Elixir to SJM, the directors of Melco and VC are pleased to announce that on 6 October 2003, Elixir has entered into another Service Arrangement with SJM for the provision of System Integration Services and the Maintenance Services for the respective aggregate values of about US\$6.53 million (HK\$50.80 million) and US\$0.61 million (HK\$4.75 million) up to the financial year end date of 31 December 2005.

#### **THE SERVICE ARRANGEMENT**

Date: 6 October 2003

Parties: i. Elixir  
ii. SJM

#### **Information technology related services to be provided under the Service Arrangement**

Pursuant to the Service Arrangement, Elixir will provide the following information technology related services to eleven Target Sites, namely, ten casinos and one technical control center owned and operated by SJM in Macau:

1. System Integration Services including the liaison with, and procurement of other hardware and software suppliers to develop and provide the real-time on-line transmission and monitoring security system and the design and provision of information technology expertise to ameliorate the computer facilities and equipments of SJM; and
2. Maintenance Services including the continuing maintenance and support services, such as rectification of any error and provision of spare parts, if necessary, for the relevant technical systems provided under the Service Arrangement.

(collectively, the "Services").

#### **Term of Services**

As the Service Arrangement involves the provision of Services to eleven Target Sites, the System Integration Services will be carried out by separate Phases one after the other. According to the Service Arrangement, the first and the second Phases are expected to be completed during the financial year ending 31 December 2003 and the third to tenth Phases are expected to be completed during the financial year ending 31 December 2004. The expected completion date of the eleventh Phase of the provision of System Integration Services to the relevant Target Site of SJM, including testing of all the relevant technical systems and services to the satisfaction of SJM, is around the first quarter of year 2005. After the completion of all System Integration Services to the individual Target Site under the Service Arrangement, Elixir will continue to provide the Maintenance Services to such Target Site for an initial one year period subject to renewal (at the option of SJM) of the same terms thereof on a yearly basis upon the payment of the relevant annual maintenance fees by SJM each year.

## **Consideration**

The consideration payable by SJM under the Service Arrangement is determined by arm's length negotiations between both parties. Different amounts of service charge shall be payable by SJM for Services provided to different Target Sites depending upon, inter alia, the size of the relevant Target Site and the costs of relevant technical systems required by it.

The consideration for the System Integration Services is determined with reference to the estimated costs of the (i) relevant hardware and software necessary for the relevant technical systems for all Target Sites; and (ii) the resources to be incurred by Elixir for installing the same and provision of related training services and documentation to SJM. The consideration of the Maintenance Services is determined with reference to (i) the estimated costs for the estimated number of spare parts that requires for maintaining the relevant technical systems in all Target Sites and (ii) the resources to be incurred by Elixir during the relevant agreed service hours per day.

## **Payment terms**

Subject to the fulfillment of the condition precedent mentioned below and the terms and conditions of the Service Arrangement, SJM shall pay an initial amount representing 50% of the relevant service charge agreed for the relevant Target Site to Elixir upon commencement of the relevant Phase. The balance of the relevant service charge will be payable by three installments of amounts equivalent to 30%, 10% and 10% of the relevant service charge respectively. The final installment of the relevant service charge for the System Integration Services provided to the relevant Target Site and the relevant charge for the Maintenance Services to be provided to such Target Site will be paid within approximately 3 months after the completion of the relevant Phase.

## **Condition Precedent**

The Service Arrangement shall only become effective upon obtaining of the approval of the Service Arrangement and the transactions contemplated thereunder on or before 30 November 2003 (or such other date as the parties may subsequently agree) by the respective Melco Independent Shareholders and VC Independent Shareholders (by way of poll) at the Melco EGM and VC EGM respectively in compliance with the Main Board Listing Rules and the GEM Listing Rules (as the case may be) including (without limitation) the requirement that any shareholder(s) of Melco and VC interested in the Service Arrangement or the related transactions having abstained from voting at the relevant general meetings.

Unless the parties thereto otherwise agree (but nevertheless subject to the relevant requirements under the Main Board Listing Rules and the GEM Listing Rules, as the case may be), the above condition cannot be waived by parties to the Service Arrangement. In the event that the condition cannot be fulfilled on or before 30 November 2003 (or such other date as the parties may subsequently agree), SJM, may by notice to Elixir, terminate the Service Arrangement. Upon any such termination, none of the parties to the Service Arrangement will have any obligations and liabilities save to any antecedent breach of the terms thereof.

## **CONNECTED PERSON AND INDEPENDENT SHAREHOLDERS' APPROVAL**

### **Relationship with SJM**

SJM is a company incorporated under the laws of Macau and is majority owned by STDM with Dr. Stanley Ho as its managing director. SJM has been selected by the Macau Government as one of the three concessionaires to engage in casino gaming operations in Macau from 1 April 2002 to 31 March 2020.

By virtue of the fact that Dr. Stanley Ho, who is the chairman and executive director of Melco and VC, has an equity interest in, as well as being a director of, SJM and STDM respectively, SJM is considered as an associate of connected person under both the Main Board Listing Rules and the GEM Listing Rules. Accordingly, the Service Arrangement and all transactions contemplated thereunder constituted non-exempt connected transaction for Melco under Rule 14.26 of the Main Board Listing Rules (by virtue of the fact that the total consideration for the Service Arrangement exceeds the higher of HK\$10,000,000 or 3% of the proforma unaudited consolidated net tangible assets of Melco Group as disclosed in the rights issue prospectus of Melco dated 29 August 2003) and non-exempt continuing connected transactions for VC under Rule 20.26 of the GEM Listing Rules (by virtue of the fact that the annual total consideration for the Service Arrangement exceeds the higher of HK\$1,000,000 or 0.03% of the unaudited adjusted consolidated net tangible assets of VC Group as at 30 June 2003) and are subject to the requirements of reporting, announcement and the approval by the Melco Independent Shareholders and the VC Independent Shareholders (by way of poll) at the Melco EGM and the VC EGM respectively to be convened as soon as practicable. Dr. Stanley Ho, who beneficially owns 6.89% shareholding interest in Melco, and his associate, Madam Lucina Laam King Ying, will abstain from voting at the Melco EGM. Bailey, being a management shareholder of VC which owns 3.10% shareholding interest in VC and beneficially owned as to 65% by Dr. Stanley Ho, will abstain from voting at the VC EGM.

## PROPOSED ANNUAL CAPS FOR VC

As the consideration for the Service Arrangement will be paid by SJM by installments with reference to the progress of the respective Phases as mentioned above and coupling with the fact that there will be renewal (at the option of SJM) of Maintenance Services to the Target Sites in subsequent years, the transactions contemplated under the Service Arrangement will extend over a period of time and will take place on an ongoing basis and are continuing connected transactions for VC under the GEM Listing Rules, the directors of VC project that the annual total amount payable by SJM to Elixir will not exceed the following proposed Annual Caps for each of the three financial years of VC ending 31 December 2005:

Category of continuing connected transactions	Proposed Annual Caps for the year ending 31 December		
	2003 US\$ million	2004 US\$ million	2005 US\$ million
System Integration Services	2.80	3.24	0.49
Maintenance Services	0.11	0.24	0.26
	<hr/>	<hr/>	<hr/>
	2.91	3.48	0.75
	<hr/>	<hr/>	<hr/>
	(Note 1)	(Note 2)	(Note 3)
<i>Variation orders as cushion (Note 4):</i>			
System Integration Services	0.28	0.32	0.05
Maintenance Services	0.01	0.02	0.03
	<hr/>	<hr/>	<hr/>
	0.29	0.34	0.08
	<hr/>	<hr/>	<hr/>
Total	<hr/>	<hr/>	<hr/>
	3.20	3.82	0.83
	<hr/>	<hr/>	<hr/>
Rounded up to the nearest US\$1 million	3.00	4.00	1.00
<b>Proposed Annual Caps</b>	<b>3.00</b>	<b>4.00</b>	<b>1.00</b>
<b>HK\$ million equivalent</b>	<b>23.34</b>	<b>31.12</b>	<b>7.78</b>

### Notes:

1. System Integration Services and Maintenance Services to the first and second Target Sites;
2. System Integration Services and Maintenance Services to the third to tenth Target Sites and renewal of Maintenance Services to the first and second Target Sites;
3. System Integration Services and Maintenance Services to the eleventh Target Site and renewal of Maintenance Services to the first to tenth Target Sites; and
4. This represents a 10% cushion for any variation or increase of orders for the requisite hardware and/or software and related Maintenance Services by SJM during the implementation of the Services to the relevant Target Sites.

## CONDITIONS OF THE APPROVAL OF THE VC INDEPENDENT SHAREHOLDERS

Pursuant to the GEM Listing Rules, the approval of the VC Independent Shareholders for the Service Arrangement and all transactions contemplated thereunder will be sought on the following basis:

- (a) details of the Service Arrangement and the transactions contemplated thereunder conducted in each year shall be disclosed in VC's annual report for that year as required by Rules 20.34 (1) to (5) of the GEM Listing Rules;
- (b) the aggregate annual value of the Service Arrangement and the transactions contemplated thereunder for each financial year ending respectively 31 December 2003, 31 December 2004 and 31 December 2005 shall not exceed the relevant Annual Caps mentioned under the section headed "Proposed Annual Caps for VC" above;
- (c) the independent non-executive directors of VC shall review the Service Arrangement and the transactions contemplated thereunder annually and confirm in VC's annual report that the transactions have been entered into:
  - (i) in the ordinary and usual course of business of VC Group;
  - (ii) either on normal commercial terms or on terms no less favourable to VC than terms available to or from (as appropriate) independent third parties; and

- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of VC as a whole;
- (d) the auditors of VC shall review annually the transactions, and confirm to the directors of VC in writing (with a copy provided to the Stock Exchange) stating that the Service Arrangement and the relevant transactions contemplated thereunder:
  - (i) have received the approval from the board of directors of VC;
  - (ii) are in accordance with the pricing policies of VC;
  - (iii) have been entered into in accordance with the relevant agreements governing the transactions; and
  - (iv) have not exceeded the said Annual Caps;
- (e) each of VC and SJM will undertake to the Stock Exchange that it shall provide the auditors of VC with sufficient access to their relevant records in respect of the Service Arrangement and the transactions contemplated thereunder to enable them to carry out their review of the same for the purpose of complying with the reporting requirements as set out in the GEM Listing Rules;
- (f) VC will promptly notify the Stock Exchange if it knows or has reason to believe that the independent non-executive directors and/or the auditors of VC will not be able to confirm the matters set out in paragraphs (c) and (d) above, respectively and will re-comply with Rules 20.26 (3) and (4) of the GEM Listing Rules and other conditions the Stock Exchange considers appropriate;
- (g) if any of the Annual Caps mentioned in paragraph (b) above is exceeded, VC must comply with the reporting, announcement and VC Independent Shareholders' approval requirements under Rules 20.34, 20.35 and 20.36 of the GEM Listing Rules respectively, as may be applicable, in respect of the relevant transaction; and
- (h) if the Annual Cap in any year is to be greater than the higher of HK\$10,000,000 or 3% of the net tangible assets of VC, the relevant transactions and the relevant Annual Cap are subject to review and re-approval by VC Independent Shareholders at the annual general meeting of VC following the initial approval and at each subsequent annual general meeting of VC so long as the transactions continue. The independent non-executive directors of VC will be required to opine in the VC's annual report whether or not VC Group should continue with the Service Arrangement and the relevant transactions contemplated thereunder.

If there are material changes in any terms of the Service Arrangement and the relevant transactions contemplated thereunder or the relevant Annual Caps mentioned in paragraph (b) above are exceeded or VC and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, VC will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless VC reports to the Stock Exchange and is granted an exemption.

In the event of any future amendments to the GEM Listing Rules imposing more stringent requirements than as at the date of approval of the Service Arrangement and the relevant transactions contemplated thereunder by the VC Independent Shareholders on transactions of any kind to which the Service Arrangement and the relevant transactions contemplated thereunder belong, VC must take immediate steps to ensure compliance with such requirements within a reasonable time.

#### **REASONS FOR ENTERING INTO THE SERVICE ARRANGEMENT**

As disclosed in the rights issue prospectus of Melco dated 29 August 2003, Melco Group's (including the VC Group) business is divided into five divisions, namely, (i) investment banking and financial services division; (ii) technology division; (iii) fine-dining, leisure and tourism division; (iv) property investment division; and (v) investment and energy division and VC Group is the flagship of Melco in the investment banking and financial services division and the technology division.

As also set out in the same document, Elixir, one of VC's subsidiaries, is one of the leading system integrators and supplies computer hardware equipment, intelligent surveillance system, enterprise portal solutions, business process workflow re-engineering, information technology consultancy services and ecommerce infrastructure to clients in Macau and the Pearl River Delta Area of the PRC. Elixir offers a full range information technology expertise ranging from entry-level workstations to enterprise-class servers. E-business solutions, office automation application, hosting and outsourcing service and related information technology consultancy services. Its experienced professional staffs specialize in network planning and high availability architecture. Elixir has demonstrated its quality of works and services provided to SJM in the Previous Arrangements. The directors of Melco and VC believe that the Services provided by Elixir have substantial room to achieve fast organic growth due to the anticipated number of possible new casinos of SJM to be opened in Macau from the last quarter of 2003 to the end of 2005. Moreover, the directors of Melco and VC are confident that Elixir is able to meet the stringent requirements for quality technical and support expertise advice and services required by SJM. Entering into the Service Arrangement is consistent with the objectives of the VC Group to continue the exploration of technology related business opportunities in other regions of the PRC and is another encouraging horizontal expansion of its business activities in information technology industry as it will present an opportunity for VC Group to provide unique tailor made information technology related systems and services to other gaming companies and a wide range of other industries, such as retail, entertainment and hospitality, enabling the VC Group to generate steady and recurring income. The directors of Melco and VC are of the view that this kind of organic growth is in the best interests of the Melco Group and the VC Group and their respective shareholders as a whole. The directors of Melco and VC confirm that the entering of the Service Arrangement by Elixir will not constitute any material change to the business nature of VC.

Each of the board of directors of Melco and VC consider that the terms of the Service Arrangement are fair and reasonable and that they are arrived at after arm's length negotiations and are upon normal commercial terms, in the ordinary and usual course of business of the respective groups and in the interests of the respective shareholders of Melco and VC as a whole. The respective boards of directors of Melco and VC also confirm that the basis to determine the consideration of the Services to SJM is by reference to and be comparable with market rates and the terms and conditions for the provision of substantially the same services to independent third parties.

#### **MELCO EGM AND VC EGM**

Each of Melco and VC will convene the Melco EGM and VC EGM respectively at which ordinary resolutions will be proposed to approve the Service Arrangement and all the relevant transactions contemplated thereunder. In the VC EGM, approval will also be sought from the VC Independent Shareholders (by way of poll) for the proposed Annual Caps for the three financial years ending 31 December 2005 mentioned above.

Dr. Stanley Ho, who beneficially owns 6.89% shareholding interest in Melco, and his associate, Madam Lucina Laam King Ying, will abstain from voting at the Melco EGM. Bailey, being a management shareholder of VC which owns 3.10% shareholding interest in VC and is beneficially owned as to 65% by Dr. Stanley Ho, will abstain from voting at the VC EGM. The issued shares in Melco are held as to 25.47% by Lasting Legend Limited, which is wholly owned by Mr. Lawrence Ho, 17.93% by Shun Tak Shipping Company Limited, a company in which Dr. Stanley Ho holds 27.78% shareholding interest and is a director, 6.89% by Dr. Stanley Ho and 0.1% by Dr. Stanley Ho's associate, Madam Lucina Laam King Ying. Based on the interest of Dr. Stanley Ho in Shun Tak Shipping Company Limited and Melco, these companies are not the associates of Dr. Stanley Ho under the definitions of the respective Main Board Listing Rules and GEM Listing Rules. Accordingly Shun Tak Shipping Company Limited and Melco are not required to abstain from voting at the respective Melco EGM and VC EGM.

An independent board committee of Melco and VC comprising their respective independent non-executive directors will be appointed respectively to advise the respective Melco Independent Shareholders and VC Independent Shareholders on whether or not the terms of the Service Arrangement are fair and reasonable and in the interests of the shareholders of Melco and VC (as the case may be) as a whole. An independent financial adviser will be appointed to advise the Melco independent board committee and the VC independent board committee in respect of the terms of the Service Arrangement.

Each of Melco and VC will issue a circular to its own shareholders within 21 days from the date of this announcement, containing (as the case may be), among other things, (i) further information on the Service Arrangement and transactions contemplated thereunder; (ii) the recommendation from the independent board committee of Melco or VC; (iii) the advice from an independent financial adviser to the independent board committee of Melco or VC; and (iv) notice of the Melco EGM or the VC EGM.

## GENERAL INFORMATION OF MELCO GROUP AND VC GROUP

The Melco Group's (including the VC Group) business is divided into five divisions, namely, (i) investment banking and financial services division; (ii) technology division; (iii) fine-dining, leisure and tourism division; (iv) property investment division; and (v) investment and energy division, and VC Group is the flagship of Melco in the investment banking and financial services division and the technology division.

The VC Group is principally engaged in the provision of comprehensive online trading and related systems to financial institutions and intermediaries principally in Asia. The VC Group is also engaged in broking and dealing for clients in securities and futures and option contracts mainly on the Stock Exchange in Hong Kong and the provision of other related financial services including margin financing, securities underwriting, placing arrangement, assets management and corporate finance advisory services focusing on Hong Kong, Macau and the PRC markets.

## SUSPENSION AND RESUMPTION OF TRADING

At the request of Melco and VC, trading in the shares of Melco and VC on the Stock Exchange was suspended with effect from 9:30 a.m. on 7 October 2003 pending the release of this announcement. Application has been made by Melco and VC to the Stock Exchange for the resumption of trading in the shares of Melco and VC with effect from 9:30 a.m. on 10 October 2003.

## TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the same meaning as defined in the Main Board Listing Rules and/or the GEM Listing Rules
“Annual Cap”	The relevant cap amount for all transactions contemplated under the Service Arrangement to be received by Elixir from SJM for each of the three financial years of VC ending 31 December 2005
“Bailey”	Bailey Development Limited, a company incorporated in Hong Kong and the issued shares of which are owned as to 65% by Dr. Stanley Ho, 5% by Dr. Lee Jun Sing, an executive director of VC, 20% by Dr. Lee Jun Sing's parents, 5% by Ms. Leong On Kei, Angela, a non-executive director of VC, and the remaining 5% by two independent persons not connected with the directors, chief executive or substantial shareholders of VC or any of their respective associates
“connected person”	has the same meaning as defined in the Main Board Listing Rules and/or the GEM Listing Rules
“Dr. Stanley Ho”	Dr. Ho Hung Sun, Stanley, the chairman and an executive director of Melco and VC
“Elixir”	Elixir Group Limited, a company incorporated in Hong Kong with limited liability on 2 July 2002 which is owned as to about 77.5% by VC and as to about 22.5% by independent third parties who are not connected with the directors, chief executive, substantial shareholders or management shareholders of VC or any of their respective associates
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Macau”	the Macau Special Administrative Region of the People's Republic of China
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the option market) and which stock market continues to be operated in parallel with GEM
“Main Board Listing Rules”	The Rules Governing the Listing of Securities on the Main Board

“Maintenance Services”	after sales services to be provided by Elixir including rectification of any error and provision of spare parts, if necessary, for the relevant technical systems provided under the Service Arrangement
“Melco”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on Main Board
“Melco EGM”	an extraordinary general meeting of Melco to be convened for the purpose of considering and approving the Service Arrangement and all relevant transactions contemplated thereunder
“Melco Group”	Melco and its subsidiaries including VC Group
“Melco Independent Board Committee”	an independent committee of the board of directors of Melco to be appointed by the directors of Melco to advise the Melco Independent Shareholders in respect of the Service Arrangement and all relevant transactions contemplated thereunder
“Melco Independent Shareholders”	shareholders of Melco other than Dr. Stanley Ho and his associate, Madam Lucina Laam King Ying
“Mr. Lawrence Ho”	Mr. Ho Yau Lung, Lawrence, the managing director of Melco and the president and executive director of VC
“Phase”	the provision of System Integration Services under the Service Arrangement by Elixir to particular Target Site in accordance with the relevant timetable as agreed between Elixir and SJM
“Previous Arrangements”	the two service arrangements entered into between Elixir and SJM on 20 January 2003 and 16 July 2003 respectively, in respect of the provision of information technology related services to SJM, details of which are contained in the announcements of VC dated 21 January 2003 and 17 July 2003 respectively
“Services”	the System Integration Services and the Maintenance Services
“Service Arrangement”	the Service Arrangement entered into with SJM on 6 October 2003 pursuant to which Elixir will provide information technology related services, including the System Integration Services and Maintenance Services to SJM
“SJM”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau
“STDM”	Sociedade de Turismo e Diversoes de Macau, S.A.R.L. a company incorporated under the laws of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“System Integration Services”	services to be provided by Elixir including the liaison with, and procurement of other hardware and software suppliers to develop and provide the real-time on-line transmission and monitoring security system and the design and provision of information technology expertise to ameliorate the computer facilities and equipments of SJM
“Target Site(s)”	Ten casinos and one technical control center owned and operated by SJM in Macau
“VC”	Value Convergence Holdings Limited, a company incorporated in Hong Kong, the securities of which are listed on GEM and a 67.57% owned subsidiary of Melco
“VC EGM”	an extraordinary general meeting of VC to be convened for the purpose of considering and approving the Service Arrangement and all relevant transactions contemplated thereunder and the proposed Annual Caps
“VC Group”	VC and its subsidiaries



“VC Independent Board Committee”	an independent committee of the board of directors of VC to be appointed by the directors of VC to advise the VC Independent Shareholders in relation to the Service Arrangement and all relevant transactions contemplated thereunder
“VC Independent Shareholders”	shareholders of VC other than Bailey
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Per cent

*For the purpose of this announcement, the amount in US\$ is translated into HK\$ at an exchange rate of US\$1.00: HK\$7.78.*

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

By order of the board of  
**Value Convergence Holdings Limited**  
**Lawrence Ho**  
*President and Vice Chairman*

Hong Kong, 9 October 2003

*This announcement, for which the directors of Melco and VC collectively and individually accept full responsibility, includes particulars given in compliance with the Main Board Listing Rules and the GEM Listing Rules for the purpose of giving information with regard to Melco and VC. The directors of Melco and VC, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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