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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)

DESPATCH OF RIGHTS ISSUE DOCUMENTS AND ADDITIONAL INFORMATION RELATING TO THE PRO FORMA STATEMENT OF UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The board of the directors of the Company wishes to announce that the Prospectus, together with the provisional allotment letter (“PAL”) and the form of application for excess Rights Shares (“EAF”) in connection with the Rights Issue, will be despatched on Friday, 29 August 2003 to the Qualifying Shareholders. The latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares under the Rights Issue is 4:00 p.m. on Friday, 19 September 2003.

Terms used herein shall have the same meanings as defined in the announcement of the Company dated 11 August 2003 in relation to the Rights Issue, unless otherwise defined herein.

DESPATCH OF THE RIGHTS ISSUE DOCUMENTS

The Rights Issue has been made to the Qualifying Shareholders on the basis of one Rights Share for every two Shares in issue on the Record Date. The Rights Issue Documents will be registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance of Hong Kong. The Prospectus, together with the PAL and the EAF, will be despatched on Friday, 29 August 2003 to the Qualifying Shareholders.

The Qualifying Shareholders are reminded that the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares under the Rights Issue is 4:00 p.m. on Friday, 19 September 2003. Details of the procedures for acceptance and payment are set out in the Prospectus.

ADDITIONAL INFORMATION RELATING TO THE PRO FORMA STATEMENT OF UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited statement of pro forma adjusted consolidated net tangible assets of the Group following the underwriting of the rights issue shares of Value

Convergence Holdings Limited (“VC”) by the Group completed on 5 February 2003 (the “Underwriting of VC Shares”) as detailed in the circular of VC (formerly known as iAsia Technology Limited) dated 9 January 2003, and the Rights Issue. It is prepared based on the audited consolidated net assets of the Group as at 31 December 2002, adjusted to reflect the effect of the Underwriting of VC Shares and the Rights Issue:

	HK\$’000	HK\$’000 (except for per share data)
Audited consolidated net assets of the Group as at 31 December 2002		376,125
Intangible asset of the Group as at 31 December 2002		—
Consolidated net tangible assets of the Group as at 31 December 2002		376,125
Add: The Group’s share of unaudited consolidated net assets of the VC Group as at the date of the completion of the Underwriting of VC Shares (<i>Note 1</i>)	100,160	
Less: Considerations for the Underwriting of VC Shares (<i>Note 2</i>)	<u>(100,758)</u>	
Net decrease in net assets arising from the Underwriting of VC Shares		(598)
Less: The Group’s share of unaudited net loss of the VC Group during the period from the date of the completion of the Underwriting of VC Shares to 30 June 2003 (<i>Note 3</i>)		(9,829)
Less: Unaudited intangible assets of the Group as at 30 June 2003 (<i>Note 4</i>)		<u>(24,351)</u>
Unaudited pro forma adjusted consolidated net tangible assets of the enlarged Group following the Underwriting of VC Shares but before the Rights Issue		341,347
Add: Estimated net proceeds from the Rights Issue (<i>Note 5</i>)		<u>102,833</u>

HK\$'000
(except for
per share
data)

Unaudited pro forma adjusted consolidated net tangible assets of the enlarged Group following the Underwriting of VC Shares and the Rights Issue	<u>444,180</u>
Consolidated net tangible assets per share of the Group as at 31 December 2002 (<i>Note 6</i>)	<u>2.59</u>
Unaudited pro forma adjusted consolidated net tangible assets per share of the enlarged Group following the Underwriting of VC Shares but before the Rights Issue (<i>Note 6</i>)	<u>2.35</u>
Unaudited pro forma adjusted consolidated net tangible assets per share of the enlarged Group following the Underwriting of VC Shares and the Rights Issue (<i>Note 7</i>)	<u>2.04</u>

Notes:

- (1) This represents the Group's share of the unaudited consolidated net assets of the VC Group (after taking into account the issuance of right shares which were underwritten by the Group) of approximately HK\$142,045,000. This information is extracted from the unaudited management account of the VC Group as at 5 February 2003, being the date of the completion of the Underwriting of VC Shares.
- (2) This represents the consideration for the underwriting of the 1,007,582,587 shares of VC at HK\$0.1 each as detailed in the "Connected and Discloseable Transaction" announcement dated 4 February 2003 by the Group.
- (3) This represents the Group's share of the unaudited net loss of the VC Group during the period from the date of completion of the Underwriting of VC Shares to 30 June 2003, being the period end date of the latest quarterly report of the VC Group, of approximately HK\$14,359,000. This information is extracted from the unaudited management accounts of the VC Group for the period ended 30 June 2003.
- (4) This information is extracted from the unaudited consolidated management account of the Group as at 30 June 2003. The intangible assets represent the net book value of (i) the trading rights owned by VC CEF Brokerage Limited and VC CEF Futures Limited, subsidiaries of VC, amounting to approximately HK\$3,546,000; and (ii) goodwill arising from acquisition of VC CEF Brokerage Limited, VC CEF Futures Limited and VC CEF Capital Limited by VC amounting to approximately HK\$20,805,000 as at 30 June 2003.
- (5) This represents the estimated proceeds from the issuance of 72,643,567 Right Shares, assuming none of the options are exercised prior to the record date, less the estimated direct expenses payable.
- (6) This is calculated based on 145,287,134 shares in issue by the Group as at the close of business on 31 December 2002.
- (7) This is calculated on the basis of 217,930,701 shares, being the 145,287,134 shares in issue by the Group as at the close of business on 31 December 2002, and the 72,643,567 Rights Shares to be issued.

CONDITIONS OF THE RIGHTS ISSUE

It should be noted that the Rights Shares will be dealt in their nil-paid form from Tuesday, 2 September 2003 to Tuesday, 16 September 2003 (both days inclusive). Such dealings will take place when the conditions to which the Rights Issue is subject remain unfulfilled and before the lapse of the right of the Underwriter to terminate the Underwriting Agreement. **Any Shareholders or other persons contemplating any dealings in the Shares from the date of the Prospectus up to the date on which the right of the Underwriter to terminate the Underwriting Agreement lapses (currently expected to be on Tuesday, 23 September 2003), and any persons dealing in the Rights Shares in their nil-paid form between Tuesday, 2 September 2003 to Tuesday, 16 September 2003 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.** Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

By Order of the Board of
Melco International Development Limited
Lawrence Ho
Managing Director

Hong Kong, 28 August 2003

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