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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Melco International Development Limited, you should at once hand this circular to the purchaser or the 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 the transferee.

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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 under the Companies Ordinance)

website: <http://www.melco.hk.cn>

(Stock Code: 200)

DISCLOSEABLE TRANSACTION

Financial Adviser to Melco International Development Limited



VC CAPITAL LIMITED

滙盈融資有限公司

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

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
The Loan Agreement dated 31 August 2004	4
Further information about the Borrower	6
Reasons for the provision of the Facility	7
Information on the Group	7
Financial effect of the transaction on the Group	7
Discloseable Transaction	7
Additional Information	7
Appendix – General information	8

DEFINITIONS

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

“Acquisition Agreement”	the sale and purchase agreement dated 31 August 2004 and completed on 17 September 2004 relating to the sale and purchase of the Acquisition Shares and entered into between, inter alia, Wealth Generator and the Purchasers
“Acquisition Shares”	the 3,809,627,884 shares in Wanji Pharmaceutical Holdings which have been acquired by the Purchasers in accordance with the Acquisition Agreement
“Advance”	each advance drawn down under the Facility pursuant to the Loan Agreement
“Asia Capitol”	Asia Capitol Technology Partners Limited, a company incorporated in the British Virgin Islands with limited liability and is one of the Purchasers. It is wholly owned by Asia Capitol Global Limited, an investment holding company incorporated in the British Virgin Islands which is owned as to 99.01% by Ms. Leung Yee Man and as to 0.99% by Ms. Wong Mei Yuk, Mia (all of the above parties are Independent Third Parties)
“associate(s)”	has the meaning ascribed in the Main Board Listing Rules
“Board”	board of Directors
“Borrower”	CV Capital Partners Limited, a company incorporated in the British Virgin Islands with limited liability and is one of the Purchasers
“Company”	Melco International Development Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Facility”	collectively, the Tranche A Facility and the Tranche B Facility
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, the controlling shareholder, directors, chief executive or substantial shareholders of the Company, or an associate of any of them under the Listing Rules

DEFINITIONS

“Latest Practicable Date”	14 October 2004, being the latest practicable date prior to the printing of this circular of ascertaining certain information for inclusion in the circular
“Lender”	VC Brokerage Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of VCH and a 67.57% indirect subsidiary of the Company
“Loan”	at any time, the aggregate of all Advances outstanding at such time
“Loan Agreement”	the loan agreement dated 31 August 2004 entered into between the Lender and the Borrower with respect to the Facility
“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
“Melco Financial”	Melco Financial Group Limited, a wholly-owned subsidiary of the Company
“Offer”	the mandatory cash offer made by VC Capital Limited on behalf of the Borrower in accordance with the Takeovers Code to acquire the shares in Wanji Pharmaceutical Holdings not already owned by the Purchasers or parties acting in concert with any of them
“Offer Shares”	the shares in Wanji Pharmaceutical Holdings acquired or to be acquired by the Borrower pursuant to the Offer
“Prime Rate”	the prime rate for HK\$ from time to time announced by The Hong Kong and Shanghai Banking Corporation Limited
“Purchasers”	the purchasers of 3,809,627,884 issued shares of Wanji Pharmaceutical Holdings, which represent approximately 70 per cent. of the entire issued share capital of Wanji Pharmaceutical Holdings as at the Latest Practicable Date, in accordance with the Acquisition Agreement, namely, the Borrower, Asia Capitol, Messrs. Yen Shiao Hua Sheridan, Li Kin Keung, Dennis and Cheong Chow Yin, all of which are Independent Third Parties

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of HK\$1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollar, the lawful currency of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tranche A Facility”	the tranche of the Facility to be available in the form of a term loan facility of up to a maximum aggregate amount of HK\$48 million
“Tranche B Facility”	the tranche of the Facility to be available in the form of a term loan facility of up to a maximum aggregate amount of HK\$22 million
“VCH”	Value Convergence Holdings Limited, a company incorporated in Hong Kong, and the shares of which are listed on GEM
“Wanji Pharmaceutical Holdings”	Wanji Pharmaceutical Holdings Limited, a company incorporated in Bermuda with limited liability which shares are listed on the Main Board of the Stock Exchange
“Wealth Generator”	Wealth Generator Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Chen Shini, an Independent Third Party

LETTER FROM THE BOARD



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

Website: <http://www.melco.hk.cn>

Executive Directors:

Dr. Stanley Ho (*Chairman*)

Mr. Lawrence Ho (*Managing Director*)

Mr. Frank Tsui

Registered Office:

Penthouse

38th Floor, The Centrium

60 Wyndham Street

Central

Hong Kong

Independent Non-Executive Directors:

Sir Roger Lobo

Mr. Robert Kwan

Dr. Lo Ka Shui

Non-Executive Director:

Mr. Ho Cheuk Yuet

Mr. Ng Ching Wo

18 October 2004

To the shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 3 September 2004, the Directors announced that the Lender has entered into the Loan Agreement with the Borrower on 31 August 2004 whereby the Lender has agreed to make available to the Borrower a term loan facility of up to HK\$70 million for the purposes of (i) satisfying the Purchasers' payment obligations under the Acquisition Agreement; and (ii) enabling the Borrower to acquire the Offer Shares.

The purpose of this circular is to give you further information regarding the Loan Agreement and the transaction which constitutes a discloseable transaction of the Company for the purposes of the Listing Rules.

THE LOAN AGREEMENT DATED 31 AUGUST 2004

Date: 31 August 2004

LETTER FROM THE BOARD

Parties:	Lender	VC Brokerage Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of VCH and a 67.57% indirect subsidiary of the Company
	Borrower	CV Capital Partners Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Purchasers

Facility

The Lender has agreed to make available to the Borrower a term loan facility in the maximum principal amount of up to HK\$70 million, comprising:

- (a) the Tranche A Facility of up to a maximum aggregate amount of HK\$48 million; and
- (b) the Tranche B Facility of up to a maximum aggregate amount of HK\$22 million.

The Facility has been and will be financed by internal resources of the Lender. As at the Latest Practicable Date, the Borrower has drawn HK\$38 million under the Tranche A Facility and has not drawn any amount under the Tranche B Facility. The Advance drawn by the Borrower has not been repaid as at the Latest Practicable Date.

The Loan is secured by a personal guarantee from Mr. Luk Chung Po who is an Independent Third Party, share mortgages over the Acquisition Shares, the Offer Shares and a maximum of approximately 53 million shares in Armarda Group Limited, a company listed on the Singapore Exchange Securities Trading Limited (based on the closing price of S\$0.125 per share as quoted on the Singapore Exchange Securities Trading Limited, such shares had a market valuation of approximately S\$6.625 million, or approximately HK\$ 30.5 million, assuming the exchange rate is HK\$4.6:S\$1) and a charge over accounts.

Purpose

The Borrower shall apply the proceeds of all Advances towards and for the following purposes:

- (1) the Tranche A Facility to satisfy the Purchasers' payment obligations under the Acquisition Agreement; and
- (2) the Tranche B Facility to enable the Borrower to acquire the Offer Shares.

Wanji Pharmaceutical Holdings is an Independent Third Party. The directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates do not have any interest in Wanji Pharmaceutical Holdings as at the Latest Practicable Date.

Interest

The Facility bears interest at the rate of three per cent. per annum over the Prime Rate, which was arrived at arm's length negotiation basis under normal commercial terms, taken into account the repayment capability of the Borrower by assessing the credit worthiness of the Borrower which is acceptable to the Lender, the securities held by the Lender, the term of the Loan and the prevailing interest rate. The interest rate charged by the Lender for a loan facility is on a case by case basis.

LETTER FROM THE BOARD

Repayment

Subject to the terms of the Loan Agreement:

- (1) all outstanding amounts of the Loan and interest under the Tranche A Facility shall be forthwith repaid in full on the date falling 12 months after the date of the first drawdown under the Tranche A Facility; and
- (2) all outstanding amounts of the Loan and interest under the Tranche B Facility shall be forthwith repaid in full on the date falling three months after the closing date of the Offer.

Conditions to making of an Advance

The obligation of the Lender to make an Advance under the Loan Agreement is subject to, among other things, the conditions that:

- (a) the proceeds of each Advance will be applied directly towards the purposes as stipulated in the Loan Agreement and disclosed in the paragraph “Purpose” above; and
- (b) each of the conditions in the Acquisition Agreement for the purpose of completion of the sale and purchase of the Acquisition Shares pursuant to the Acquisition Agreement has been satisfied or has been waived by the Purchasers after obtaining the prior written consent of the Lender (which consent shall not be unreasonably withheld or delayed).

FURTHER INFORMATION ABOUT THE BORROWER

The Borrower is an investment holding company incorporated in the British Virgin Islands with limited liability and with shareholding structure as follows:

Compelling Vision Holdings Limited (<i>Note 1</i>)	52%
Homeriver Holdings Incorporated (<i>Note 2</i>)	42%
Able Corporate Group Limited (<i>Note 3</i>)	4%
Mr. Lam Wai Hung, Freddie	2%
Total	<u>100%</u>

Note 1: Compelling Vision Holdings Limited, an investment holding company incorporated in the British Virgin Islands which is beneficially owned by its two directors, as to 82% by Mr. Luk Chung Po and as to 18% by Mr. Chong Tin Yam, Alex.

Note 2: Homeriver Holdings Incorporated, an investment holding company incorporated in the British Virgin Islands which is wholly beneficially owned by its sole director Mr. Wang Ling.

Note 3: Able Corporate Group Limited, an investment holding company incorporated in the British Virgin Islands which is beneficially owned by its sole director, Ms. Peng Jui-Chen.

LETTER FROM THE BOARD

All of the above parties are Independent Third Parties, save for the provision of the Facility by the Lender and accordingly, the Group, VCH and its subsidiaries are deemed concert parties of the Purchasers under the Takeovers Code. Save for the entering into of the Acquisition Agreement, the Borrower has not conducted any business since its incorporation. As at the Latest Practicable Date, the Borrower and its shareholders and parties acting in concert with any of them do not have any interest in the Shares.

Save for the Facility, there has been no provision of loan facilities by the Lender to the Borrower.

REASONS FOR THE PROVISION OF THE FACILITY

Currently, the Group's business is broadly divided into three divisions, namely, (i) leisure and entertainment division, (ii) investment banking and financial services division; and (iii) technology division. VC Brokerage, an indirectly owned subsidiary of the Company, belongs to the investment banking and financial services division. The Directors are of the view that the provision of the Facility is in line with the present strategy of the Company, which is to continue to develop its investment banking and financial services division. The Directors also believe that the provision of the Facility is fair and reasonable and in the interest of the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in leisure and entertainment, investment banking and financial services and technology businesses.

FINANCIAL EFFECT OF THE TRANSACTION ON THE GROUP

The Lender will earn an interest income based on the interest rate charged to the Borrower at the rate of three per cent. per annum over the Prime Rate on the Advance. There will be no material change on the Group's assets and liabilities following the completion of the Loan Agreement by virtue of the fact that the Facility has been and will be financed by internal resources of the Group.

DISCLOSEABLE TRANSACTION

As the percentage ratios for the purpose of Chapter 14 of the Main Board Listing Rules regarding the maximum loan amount under the Facility exceeds 5%, but lower than 25%, for the Company, the provision of the Facility constitutes a discloseable transaction of the Company.

As the percentage ratios for the purpose of Chapter 19 of the GEM Listing Rules regarding the maximum loan amount under the Facility exceeds 25% for VCH, the provision of the Facility constitutes a major transaction of VCH and is subject to and conditional upon, among other things, the approval of the shareholders of VCH at a general meeting of VCH. Melco Financial is interested in approximately 67.57% of the issued share capital of VCH and has the same interest in the provision of the Facility as the remaining minority shareholders of VCH. Melco Financial has given its consent in writing to approve the Loan Agreement in lieu of holding a meeting of the shareholders of VCH.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

The directors of the Borrower jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that in relation to the Lender, VCH and the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular (other than that in relation to the Lender, VCH and the Group) the omission of which would make any statement in this circular misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that in relation to the Borrower) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular (other than that in relation to the Borrower) the omission of which would make any statement in this circular misleading.

2. DISCLOSURE INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in Shares and underlying Shares

Name of Director	Nature of interest	Number of issued Shares interested	Number of underlying Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
Dr. Stanley Ho	Corporate	2,377,500 (Note 2)	–	0.63%
	Personal	12,646,367	–	3.33%
Mr. Lawrence Ho	Corporate	182,455,599 (Note 3)	–	48.07%
	Corporate	–	19,565,216 (Note 4)	5.15%
	Personal	1,816,306	–	0.48%
Mr. Ho Cheuk Yuet	Personal	1,816,306	–	0.48%

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of the Company is 379,557,880 Shares.
2. Dr. Stanley Ho is taken to be interested in 2,377,500 Shares as a result of him being beneficially interested in the entire issued share capital of each of Sharikat Investments Limited and Dareset Limited which in turn hold an aggregate of approximately 0.63% of the issued share capital of the Company.
3. Mr. Lawrence Ho is taken to be interested in 57,754,512 Shares as a result of him being beneficially interested in the entire issued share capital of Lasting Legend Limited which in turn holds approximately 15.22% of the issued share capital of the Company. Mr. Lawrence Ho is also taken to be interested in 124,701,087 Shares as a result of him being beneficially interested in 77% of issued share capital of Better Joy Overseas Limited which in turn holds approximately 32.85% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy Overseas Limited respectively. If their indirect shareholding interests in the Shares through Better Joy Overseas Limited are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 11.51% and 40.99% of the Shares.

4. Two convertible notes respectively due 2005 and 2006 were issued by the Company to Better Joy Overseas Limited on 9 June 2004 pursuant to the Mocha Acquisition Agreements as disclosed in the announcement and the circular of the Company respectively dated 19 March 2004 and 23 April 2004. As at the Latest Practicable Date, the total outstanding principal amount of the said convertible notes is HK\$45 million. If Better Joy Overseas Limited exercises the conversion rights attached to the said convertible notes in full at the conversion price of HK\$2.30 per Share, a total of 19,565,216 Shares will be issued to Better Joy Overseas Limited. As Mr. Lawrence Ho is beneficially interested in 77% of issued share capital of Better Joy Overseas Limited, under the SFO, he is deemed to be interested in these 19,565,216 underlying Shares.

As mentioned above, Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy Overseas Limited respectively. If this is taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 4,500,000 underlying Shares and 15,065,216 underlying Shares of the Company.

(ii) Interests in equity derivatives of the Company

Name of Director	Date of grant of the share options by the Company	Expiry date of the share options	Exercise Price per underlying Share (HK\$)	Number of underlying Shares comprised in the share options outstanding
Mr. Lawrence Ho	19 February 2004	7 March 2012	2.405	1,800,000
Mr. Tsui Che Yin, Frank	8 March 2002	7 March 2012	1.00	1,816,306
	19 February 2004	7 March 2012	2.405	1,800,000

(iii) Interests in shares of VCH

Name of Director	Nature of interest	Number of issued shares of VCH interested	Approximate percentage of the total number of issued shares of VCH
Dr. Stanley Ho	Corporate	7,384,651 <i>(Note 1)</i>	3.10%
Mr. Lawrence Ho	Corporate	4,232,627 <i>(Note 2)</i>	1.78%

Notes:

1. Dr. Stanley Ho is taken to be interested in 7,384,651 shares of VCH as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 3.10% of the issued share capital of VCH.
2. Mr. Lawrence Ho is taken to be interested in 4,232,627 shares of VCH as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.78% of the issued share capital of VCH.

(iv) Interests in equity derivatives of VCH

Name of Director	Nature of interest	Number of underlying shares of VCH interested	Approximate percentage of the total number of issued shares of VCH
Dr. Stanley Ho	Personal	735,000 <i>(Note 1)</i>	0.31%
Mr. Lawrence Ho	Personal	1,226,057 <i>(Note 2)</i>	0.51%

Notes:

1. The personal interest of Dr. Stanley Ho represents his derivative interest in VCH comprising the physically settled options which were granted on 6 April 2001 and may be exercised during the period from 6 April 2001 to 8 October 2005 at an exercise price of HK\$3.60 per VCH's share.
2. The personal interest of Mr. Lawrence Ho represents his derivative interest in VCH comprising the physically settled options as follows:
 - (a) 735,000 physically settled options which were granted on 6 April 2001 and may be exercised during the period from 6 April 2001 to 8 October 2005 at an exercise price of HK\$3.60 per VCH's share; and
 - (b) 491,057 physically settled options which were granted on 9 July 2002 and may be exercised during the period from 9 July 2002 to 8 July 2012 at an exercise price of HK\$1.00 per VCH's share.

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2003, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group;
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (iv) none of the Directors had service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

3. SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, the interests and short positions of substantial shareholders of the Company and other persons in the Shares, underlying Shares and debentures of the Company which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) were directly or indirectly, interested in ten per cent. or more of the

nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Nature of interest	Number of issued Shares interested	Number of underlying Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
Better Joy Overseas Limited	Corporate	124,701,087 (Note 2)	–	32.85%
	Corporate	–	19,565,216 (Note 2 & 4)	5.15%
Lasting Legend Limited	Corporate	57,754,512 (Note 2)	–	15.22%
Mr. Lawrence Ho	Corporate	182,455,599 (Note 3)	–	48.07%
	Corporate	–	19,565,216 (Note 4)	5.15%
	Personal	1,816,306	–	0.48%
Shun Tak Shipping Company Limited	Corporate	39,083,147	–	10.30%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company is 379,557,880 Shares.
- The Shares (and underlying Shares) held by Better Joy Overseas Limited and Lasting Legend Limited also represent the corporate interest of Mr. Lawrence Ho in the Company.
- Mr. Lawrence Ho is taken to be interested in 57,754,512 Shares as a result of him being beneficially interested in the entire issued share capital of Lasting Legend Limited which in turn holds approximately 15.22% of the issued share capital of the Company. Mr. Lawrence Ho is also taken to be interested in 124,701,087 Shares as a result of him being beneficially interested in 77% of issued share capital of Better Joy Overseas Limited which in turn holds approximately 32.85% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy Overseas Limited respectively. If their indirect shareholding interests in the Shares through Better Joy Overseas Limited are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 11.51% and 40.99% of the Shares.

4. Two convertible notes respectively due 2005 and 2006 were issued by the Company to Better Joy Overseas Limited on 9 June 2004 pursuant to the Mocha Acquisition Agreements as disclosed in the announcement and the circular of the Company respectively dated 19 March 2004 and 23 April 2004. As at the Latest Practicable Date, the total outstanding principal amount of the said convertible notes is HK\$45 million. If Better Joy Overseas Limited exercises the conversion rights attached to the said convertible notes in full at the conversion price of HK\$2.30 per Share, a total of 19,565,216 Shares will be issued to Better Joy Overseas Limited. As Mr. Lawrence Ho is beneficially interested in 77% of issued share capital of Better Joy Overseas Limited, under the SFO, he is deemed to be interested in these 19,565,216 underlying Shares.

As mentioned above, Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy Overseas Limited respectively. If this is taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 4,500,000 underlying Shares and 15,065,216 underlying Shares of the Company.

Save as disclosed herein, so far as the Directors were aware, as at the Latest Practicable Date, no other persons had interests or short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, nor were there any other persons, required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, or directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the directors of the Company to be pending or threatened against the Company or any of its subsidiaries.

5. SERVICE CONTRACTS

There is no existing or proposed service contract between any of the Directors and the Company or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

Dr. Stanley Ho, the Chairman and an executive Director, is also the chairman and a director of Seng Heng Bank Limited in Macau ("Seng Heng Bank"). As part of the business of Seng Heng Bank consists of securities brokerage and financial advisory services, the Directors believe that there is a potential risk that such part of business of Seng Heng Bank may compete with the investment banking business to be developed by the Group in Macau.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the substantial Shareholders or their respective associates had any business or interest in a business which competes or may compete with the business of the Group.

7. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Samuel Tsang, a solicitor admitted in Hong Kong, England and Wales and Australia. The qualified accountant of the Company is Mr. Clarence Chung, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants; and a member of the Society of Management Accountants of Canada.
- (b) the share registrars and transfer office of the Company in Hong Kong is Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.