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If you have sold or transferred all your shares in Value Convergence Holdings Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.



VALUE CONVERGENCE HOLDINGS LIMITED

滙盈控股有限公司

(Incorporated in Hong Kong with limited liability)

website address: www.valueconvergence.com

Stock Code: 8101

DISCLOSEABLE AND CONNECTED TRANSACTION AND AMENDMENT OF THE NEW ARTICLES

**Independent financial adviser to the
Independent Board Committee of Value Convergence Holdings Limited**



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

A letter of advice from Asian Capital (Corporate Finance) Limited to the independent board committee of the Company is set out on pages 12 to 23 of this circular. The recommendations of the independent board committee to the shareholders are set out on page 11 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of the Company to be held at 38/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, on Thursday, 20 May 2004 at 10:30 a.m. is set out on pages 33 to 39 of this circular. A proxy form is also enclosed. Whether or not you intend to attend and vote at the EGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s registered office, 28/F., The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

This circular together with the notice of the EGM will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.valueconvergence.com

23 April 2004

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular (other than the notice of EGM), the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|---------------------|--|
| “Asian Capital” | Asian Capital (Corporate Finance) Limited, a corporation licensed under the SFO to perform types 1, 4, 6 and 9 of the regulated activities (as defined under the SFO) and the independent financial adviser to the Independent Board Committee in connection with the iAsia Group Disposal Agreement |
| “associate” | has the same meaning as defined in the Main Board Listing Rules and/or the GEM Listing Rules (as applicable) |
| “Bailey” | Bailey Development Limited, a company incorporated in Hong Kong with limited liability, the issued share capital of which is owned as to 65% by Dr. Stanley Ho, 5% by Dr. Lee Jun Sing, an executive Director of the Company, 20% by Dr. Lee Jun Sing’s parents, 5% by Ms. Leong On Kei, Angela, a non-executive Director of the Company, and the remaining 5% by two independent persons not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates |
| “Board” | the board of Directors |
| “Company” | 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 |
| “connected person” | has the same meaning as defined in the Main Board Listing Rules and/or the GEM Listing Rules (as applicable) |
| “Director(s)” | the director(s) of the Company |
| “Dr. Stanley Ho” | Dr. Ho Hung Sun, Stanley, the chairman and an executive Director of the Company and Melco |
| “EGM” | an extraordinary general meeting of the Company to be convened to approve the iAsia Group Disposal Agreement and the transactions contemplated thereunder and the proposed amendments to be made to the New Articles |
| “GEM” | the Growth Enterprise Market operated by the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |

DEFINITIONS

| | |
|----------------------------------|---|
| “Golden Mate” | Golden Mate Co. Ltd., a company the entire issued share capital of which is owned by Mr. Lawrence Ho |
| “Group” | the Company and its subsidiaries from time to time |
| “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 |
| “iAsia” | iAsia Technology Ltd, a company incorporated in Hong Kong and is wholly owned by the Company |
| “iAsia Group” | iAsia and its subsidiaries, namely, iAsia Online Systems Limited, iAsia Solutions Limited, iAsia Networks Solutions Limited, Elixir Group Limited and Elixir Group (Macau) Limited |
| “iAsia Group Disposal Agreement” | the conditional sale and purchase agreement dated 19 March 2004 entered into between the Company and Melco, pursuant to which the Company has agreed to sell, and Melco has agreed to purchase or procure the purchase of the iAsia Sale Shares |
| “iAsia Sale Shares” | the entire issued share capital of iAsia |
| “Independent Board Committee” | the independent board committee of the Company comprising the independent non-executive Directors, namely Mr. Tsui Yiu Wa, Alec and Attorney Patajo-Kapunan, Lorna |
| “Independent Shareholders” | shareholders of the Company other than Melco, Baily and Golden Mate |
| “Latest Practicable Date” | 21 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Long Stop Date” | 18 June 2004 or such other date as Melco and the Company may agree in writing |
| “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 |

DEFINITIONS

| | |
|-----------------------------|---|
| “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 relevant transactions contemplated under its group reorganization, including the iAsia Group Disposal Agreement |
| “Melco Group” | Melco and its subsidiaries (including the Group) from time to time |
| “Mr. Lawrence Ho” | Mr. Ho Yau Lung, Lawrence, the president and vice chairman of the Company and the managing director of Melco |
| “New Articles” | the new articles of association of the Company |
| “Option(s)” | a right to subscribe for Share(s) granted by the Company under (i) the Pre-IPO Share Option Plan and/ or (ii) the Share Option Scheme (as the case may be) |
| “Pre-IPO Share Option Plan” | the share option scheme adopted by the Company on 14 March 2001 |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share Option Scheme” | the share option scheme adopted by the Company on 29 November 2001 |
| “Share(s)” | share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “%” | per cent. |

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

LETTER FROM THE BOARD



VALUE CONVERGENCE HOLDINGS LIMITED
滙 盈 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Dr. Stanley Ho
Mr. Lawrence Ho
Dr. Lee Jun Sing
Mr. Ko Chun Fung, Henry

*Registered office, head office and
principal place of business:*

28/F., The Centrium
60 Wyndham Street
Central
Hong Kong

Non-executive Director:

Ms. Leong On Kei, Angela

Independent non-executive Directors:

Mr. Tsui Yiu Wa, Alec
Attorney Patajo-Kapunan, Lorna

23 April 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION AND AMENDMENT OF THE NEW ARTICLES

INTRODUCTION

In the joint announcement dated 23 March 2004 published by Company and Melco, the Board announced that on 19 March 2004, the Company entered into the iAsia Group Disposal Agreement with Melco, pursuant to which the Company has agreed to sell and Melco has agreed to purchase the entire issued share capital of iAsia for a consideration of HK\$27.9 million on the terms and conditions set out therein.

The iAsia Group Disposal Agreement constitutes a discloseable and connected transaction for the Company under the GEM Listing Rules. The purpose of this circular is to give you further information on the iAsia Group Disposal Agreement.

LETTER FROM THE BOARD

THE IASIA GROUP DISPOSAL AGREEMENT

| | | |
|---------|---|---|
| Date | : | 19 March 2004 |
| Parties | : | Vendor – the Company Purchaser – Melco |
| Assets | : | Entire issued share capital of iAsia (being 2 share of HK\$1.00 each) |

Transaction

Pursuant to the iAsia Group Disposal Agreement, the Company has conditionally agreed to sell and Melco has conditionally agreed to purchase the entire issued share capital of iAsia.

Consideration

The consideration payable under the iAsia Group Disposal Agreement is HK\$27.90 million which was arrived at after arm's length negotiation between the parties thereto and is based on the prospective price earning multiples of 6.98 times of the guaranteed net profit after tax of not less than HK\$4 million of the iAsia Group for the year ending 31 December 2004. Such consideration is to be settled in cash.

The Company will realize a gain of approximately HK\$28.36 million from the iAsia Group Disposal Agreement based on the negative carrying value of approximately HK\$0.46 million as determined from the audited consolidated financial statements of the Company for the fifteen months ended 31 December 2003.

Conditions

The iAsia Group Disposal Agreement is subject to, inter alia, the following conditions being fulfilled on or before the Long Stop Date:

- (i) an ordinary resolution being passed by Melco's independent shareholders at the Melco EGM to approve the iAsia Group Disposal Agreement; and
- (ii) an ordinary resolution being passed by the Independent Shareholders (by way of poll) at the EGM to approve the iAsia Group Disposal Agreement.

Profit Guarantee

Under the iAsia Group Disposal Agreement, the Company has agreed to guarantee to Melco that the net profit (after tax and minority interest) of the iAsia Group shall not be less than HK\$4 million for the year ending 31 December 2004, failing which the Company shall compensate the shortfall (up to a maximum of HK\$4 million) on a dollar for dollar basis.

LETTER FROM THE BOARD

Expected completion date

It is expected that completion of the iAsia Group Disposal Agreement will take place on the third business day after the date on which all the relevant conditions have been fulfilled. None of the conditions listed above can be waived by Melco.

REASONS FOR ENTERING INTO THE iASIA GROUP DISPOSAL AGREEMENT AND THE INTENDED USE OF PROCEEDS

The Group is engaged in securities, futures and option contracts brokerage 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 the markets in Hong Kong, Macau and the PRC. The Group is also engaged in the provision of comprehensive online trading services and related systems to financial institutions and intermediaries in Asia.

The iAsia Group Disposal Agreement forms part of the group reorganization of the Melco Group which includes the Group. After the completion of the iAsia Group Disposal Agreement, the Company will cease to hold any shareholding interest in iAsia. The Directors consider that the iAsia Group Disposal Agreement will result in the rationalization of the corporate structure and business of the Group so as to enable it to focus on its investment banking and financial services business.

The Company intends to use the proceeds from the iAsia Group Disposal Agreement to repay a shareholder's loan owed by one of the Company's subsidiaries to Melco or one of its subsidiaries. The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE iASIA GROUP DISPOSAL AGREEMENT ON THE GROUP

The disposal of the iAsia Group would generate a gain of approximately HK\$28.36 million, which will be reflected in the profit and loss account of the Group for the year ended 31 December 2004. In addition, as the proceeds from the disposal would be used to reduce an interest bearing shareholder's loan owed by one of the Company's subsidiaries to Melco or one of its subsidiaries, this would reduce the Group's interest expenses by approximately HK\$0.84 million per annum.

As at 31 December 2003, the Group's total liabilities amounted to approximately HK\$301 million, comprising primarily borrowings of approximately HK\$164.7 million due to Melco and trade payables and other payables of approximately HK\$136.3 million, and they represented approximately 70.9% of total assets. Upon completion of the disposal of the iAsia Group, on a pro forma unaudited consolidated basis by reference to the Group's audited accounts as at 31 December 2003, total liabilities of the Group are expected to reduce to approximately HK\$245 million, representing approximately 61.8% of total assets. Net debt (expressed as bank balances, cash and pledged bank deposits minus total borrowings, and by reference to the Group's audited accounts as at 31 December 2003) is expected to decline from approximately HK\$62 million to approximately HK\$47 million, representing approximately 36.7% of the net tangible asset value as at 31 December 2003 versus that of approximately 62.1% before the disposal. As a result of removing all the assets and liabilities of the iAsia Group from the Group, the overall

LETTER FROM THE BOARD

working capital position (expressed by current assets minus current liabilities, and by reference to the Group's audited accounts as at 31 December 2003) of the Group would improve from approximately HK\$84.6 million to approximately HK\$114.6 million, and the current ratio (also by reference to the Group's audited accounts as at 31 December 2003) would be improved to approximately 1.47 times from approximately 1.28 times.

INFORMATION ON THE iASIA GROUP AND MELCO

iAsia is a wholly owned subsidiary of the Company and is engaged in (i) the provision of comprehensive online trading and related system to financial institutions and intermediaries; (ii) supplying computer hardware equipment and intelligent surveillance system; (iii) the provision of enterprise portal solutions, business process workflow re-engineering, information technology consultancy services and e-commerce infrastructure to clients in Macau and Pearl River Delta Area of the PRC; and (iv) the provision of tailor-made information technology related systems and services to gaming companies and other industries, such as the retail, entertainment and hospitality industries.

The unaudited proforma combined financial information of iAsia Group is set out below:

| | Twelve months ended 30 September 2002 <i>HK\$</i> | Fifteen months ended 31 December 2003 <i>HK\$</i> |
|---|---|---|
| Turnover | <u>11,003,109</u> | <u>48,606,472</u> |
| Loss before tax | <u>(17,136,749)</u> | <u>(7,230,011)</u> |
| Loss attributable to shareholders | <u>(16,981,940)</u> | <u>(7,159,820)</u> |
| Net deficit as at end of period | <u>(15,088,545)</u> | (26,249,060) |
| Waiver of inter-company loans by the Company (note) | | <u>25,791,394</u> |
| Unaudited pro forma combined net deficit immediately after the waiver of inter-company loans by the Company | | <u>(457,666)</u> |

Note: The Company has agreed to waive the inter-company loans advanced to the iAsia Group amounting to HK\$25,791,394 before the disposal of the iAsia Group to Melco in 2004. The waiver of inter-company loans is accounted for in the books of the iAsia Group by directly crediting its net deficit.

The Melco Group engages in three major business areas, namely (i) investment banking and financial services; (ii) technology; and (iii) leisure and entertainment.

LETTER FROM THE BOARD

CONNECTED TRANSACTION OF THE COMPANY

Since the Company is a non-wholly owned subsidiary of Melco, the iAsia Group Disposal Agreement constitutes a non-exempt connected transaction for the Company under Rule 20.26 of the GEM Listing Rules in force as at the date of the iAsia Group Disposal Agreement (by virtue of the fact that the total consideration under the iAsia Group Disposal Agreement exceeds the higher of HK\$1,000,000 or 0.03% of the audited consolidated net tangible assets of the Group as at 31st December 2003) and are subject to the requirements of reporting, announcement and the approval by the Independent Shareholders (by way of poll) at the EGM.

Also, the iAsia Group Disposal Agreement constitutes a connected transaction for Melco under the Main Board Listing Rules and together with other transactions comprising the group reorganization of Melco as described in the joint announcement of the Company and Melco dated 23 March 2004, are subject to the approval by the Melco's independent shareholders at the Melco EGM.

AMENDMENT OF NEW ARTICLES

It is proposed by the Directors to make the amendments (details of which are set out in the notice of the EGM contained in this circular) to the New Articles. The reasons for the principal changes are set out below.

In the Company's existing New Articles, the definition for "clearing house" makes reference to the Securities and Futures (Clearing Houses) Ordinance of Hong Kong. Since the Securities and Futures (Clearing Houses) Ordinance was repealed by the Securities and Futures Ordinance with effect from 1st April 2003, the Directors propose to make corresponding amendments to the Company's existing New Articles.

Furthermore on 30th January 2004, the Stock Exchange announced, subject to certain transitional arrangements, certain amendments to the GEM Listing Rules which have since taken effect on 31st March 2004. The principal changes of the GEM Listing Rules that affect the existing New Articles are as follows:

- (i) the minimum seven-day period for lodgment by Shareholders of the notice to nominate a person as director of the Company shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (ii) Directors shall abstain from voting at board meetings on any matter in which any of his associates has a material interest and are not to be counted towards the quorum of the relevant board meeting; and
- (iii) where any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

LETTER FROM THE BOARD

It is proposed that the Company's existing New Articles shall be amended to reflect the above requirements.

EGM

A notice convening the EGM to be held at 10:30 a.m. on Thursday, 20 May 2004 at 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong is set out on pages 33 to 39 of this circular at which an ordinary resolution will be proposed and, if thought fit, passed by the Independent Shareholders (by way of poll), to approve the iAsia Group Disposal Agreement and the transactions contemplated thereunder.

The following persons will abstain from voting at the EGM:

- (a) Melco Finance and Technology Limited, which owns an approximately 67.57% shareholding interest in the Company and is a wholly-owned subsidiary of Melco;
- (b) Bailey, which owns an approximately 3.10% shareholding interest in the Company and is beneficially owned as to 65% by Dr. Stanley Ho; and
- (c) Golden Mate, which owns an approximately 1.78% shareholding interest in the Company and is beneficially wholly-owned by Mr. Lawrence Ho.

The Independent Board Committee (comprising the two non-executive Directors namely Mr. Tsui Yiu Wa, Alec and Attorney Patajo-Kapunan, Lorna) has been appointed to advise the Independent Shareholders on whether or not the terms of the iAsia Group Disposal Agreement are fair and reasonable and in the interests of the Shareholders as a whole. Asian Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the iAsia Group Disposal Agreement.

In addition, a special resolution will be proposed at the EGM to amend the New Articles in the manner set out in the said notice for the EGM.

A proxy form for use by the Shareholders at the EGM is enclosed. Whether or not you are available to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at 28/F., The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the iAsia Group Disposal Agreement; and (ii) the letter from Asian Capital to the Independent Board Committee set out in this circular containing its advice to the Independent Board Committee in this regard.

LETTER FROM THE BOARD

The Independent Board Committee, having taking into account the advice from Asian Capital in relation to the iAsia Group Disposal Agreement, considers that the terms of the iAsia Group Disposal Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the iAsia Group Disposal Agreement is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote (by way of poll) in favour of the ordinary resolution to be proposed at the EGM to approve the iAsia Group Disposal Agreement and the transactions contemplated thereunder.

In view of the reasons set out in the section headed “Amendment of New Articles” above, the Directors recommend the Shareholders to vote in favour of the special resolution to be proposed at the EGM to amend the New Articles.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the EGM set out in this circular.

Yours faithfully,
By order of the Board
Value Convergence Holdings Limited
Ho Yau Lung, Lawrence
President and Vice Chairman

LETTER FROM THE IDNEPENDNET BOARD COMMITTEE



VALUE CONVERGENCE HOLDINGS LIMITED
滙 盈 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

23 April 2004

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise you in connection with the iAsia Group Disposal Agreement, details of which are set out in the “Letter from the Board” in the circular of the Company (the “Circular”), of which this letter forms part. Terms used in this letter have the same respective meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter from Asian Capital as set out in the Circular, which contains its advice and recommendation to us as to whether or not the terms of the iAsia Group Disposal Agreement are fair and reasonable and in the interests of the Independent Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendation.

Having considered, among other things, the factors and reasons considered by, and the opinion of Asian Capital as stated in the abovementioned letter, we are of the opinion that the terms of the iAsia Group Disposal Agreement are fair and reasonable as far as the Independent Shareholders are concerned and the entering into of the iAsia Group Disposal Agreement by the Company is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the iAsia Group Disposal Agreement.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Mr. Tsui Yiu Wa, Alec

Attorney Patajo-Kapunan, Lorna

Independent non-executive Directors

LETTER FROM ASIAN CAPITAL

The following is the text of a letter from Asian Capital to the Independent Board Committee in connection with the iAsia Group Disposal Agreement and all transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

23 April 2004

The Independent Board Committee
Value Convergence Holdings Limited
38th Floor
The Centrium
60 Hyndham Street
Central
Hong Kong

Dear Sir/Madam,

Discloseable and Connected Transaction – Disposal of the iAsia Group to Melco International Development Limited

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness in relation to the disposal of the iAsia Group to Melco. This letter has been prepared for inclusion in the circular dated 23 April 2004 (the “Circular”) issued to the Shareholders and capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 19 March 2004, Melco and the Company entered into the iAsia Group Disposal Agreement whereby Melco conditionally agreed to purchase and the Company conditionally agreed to sell the entire share capital of iAsia, together with the subsidiaries of iAsia, for a total consideration of HK\$27.9 million. For details, please refer to the letter from the Board set out in the Circular.

Under Chapter 20 of the GEM Listing Rules, the disposal of the iAsia Group shall be subject to disclosure and shareholders’ approval requirements at the EGM in which Melco Finance and Technology Limited (which owns approximately 67.57% interest in the Company and is a wholly-owned subsidiary of Melco), Bailey (which owns approximately 3.10% of shareholding interest in the Company and is beneficially owned as to 65% by Dr. Stanley Ho) and Golden Mate (which owns approximately 1.78%

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卓亞(企業融資)有限公司

LETTER FROM ASIAN CAPITAL

shareholding interest in the Company and is beneficially wholly owned by Mr. Lawrence Ho) are required to abstain from voting in the resolution concerning the disposal of the iAsia Group at the EGM. The Independent Board Committee, comprising Mr. Tsui Yiu Wa, Alec and Attorney Patajo-Kapunan, Lorna, has been formed to advise the Independent Shareholders on whether the terms and conditions of the disposal of the iAsia Group are in the interest of the Company and its Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Asian Capital (Corporate Finance) Limited has been appointed as independent financial adviser to advise the Independent Board Committee as to whether the terms and conditions of the disposal of the iAsia Group are in the interest of the Company and the Independent Shareholders and are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our opinion with regard to the disposal of the iAsia Group, we have relied on the completeness and accuracy of the statements, information, opinion, and representations contained in the Circular, which have been provided by the Company, its Directors and its advisers. We have assumed that all such statements, information, opinion, assessment, valuation, reports and representations made or referred to in the Circular, for which the respective providers are solely and wholly responsible, are complete, true and accurate in all material respects at the time they were made and given, continue to be so at the date of despatch of the Circular, and that all the stated intentions of the Company and the Directors will be carried out. We have been assured by the Company that all statements of belief, opinion and intention made by the Company in the Circular were made after due and careful enquiry and consideration.

We consider that we have been provided with sufficient information on which to form a reasonable basis to reach an informed view and conclude our advice. We have also been advised by the Company and the advisers of the Company that no material facts have been omitted from the Circular which would make the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances that would render the information and representation provided to us to be untrue, inaccurate or misleading. We have not, however, conducted any independent verification of the information provided by the Directors and the advisers of the Company, nor have we conducted any independent investigation into the business and affairs or the future prospects of the Company, iAsia, or any of their subsidiaries and associates.

This letter is prepared for the information of the Independent Board Committee solely in connection with the disposal of the iAsia Group and, except for its inclusion in the Circular and for references thereto in the letter from the Independent Board Committee set out in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether or not the terms and conditions of the disposal of the iAsia Group are in the interest of the Company and its Independent Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into consideration, inter alia, the following principal factors and reasons.

LETTER FROM ASIAN CAPITAL

1. Background of the Company

The Company is an investment holding company and was incorporated in Hong Kong on 24 September 1999. It was listed on the GEM Board of the Stock Exchange on 9 April 2001. At the time of listing, the Group was engaged in the technology business, which was the provision of comprehensive online trading and related systems to licensed financial institutions and intermediaries. In December 2002, it diversified into the investment banking and financial services business in Hong Kong by acquiring the CEF Brokerage Limited, CEF Futures Limited and CEF Capital Limited (collectively as the “CEF Companies”).

2. Current financial position of the Group

(a) Review of operations

The Group has suffered net losses over the past three years. The following table summarises the financial performance of the Group for each of the two years ended 30 September 2002 and for the fifteen months ended 31 December 2003:

| | For the twelve months ended 30 September 2001 (audited) HK\$000 | For the twelve months ended 30 September 2002 (audited) HK\$000 | For the 15 months ended 31 December 2003 (audited) HK\$000 |
|--|--|--|---|
| Turnover | | | |
| – Technology | 3,634 | 10,313 | 46,545 |
| – Investment banking and financial services | – | – | 79,614 |
| Total Turnover | 3,634 | 10,313 | 126,159 |
| Operating loss | | | |
| – Technology | 9,037 | 42,124 | 11,220 |
| – Investment banking and financial services | – | – | 2,513 |
| – Unallocated costs | 19,259 | 48,623 | 14,500 |
| Total Operating Loss | 28,296 | 90,747 | 28,233 |
| Net Loss for the year | 28,380 | 91,161 | 31,936 |

Source: Company annual reports and company management

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Upon completion of the acquisition of the CEF Companies, the Company changed its financial year end from 30 September to 31 December from 2003 onwards.

For the 15 months ended 31 December 2003, the turnover of the Group showed a substantial growth to approximately HK\$126 million, largely attributable to: (i) the first-ever contribution of approximately HK\$80 million from the investment banking and financial services business, which comprised brokerage and dealing for clients in securities and future and options contracts, and provision of financing services, such as margin financing, securities underwriting, placing arrangement, asset management and advisory; and (ii) increase in turnover from the technology business to approximately HK\$47 million versus approximately HK\$10 million for the twelve months ended 30 September 2002. As advised by the Company, the investment banking and financial services business turned profitable during July to December of 2003, so despite of the continued loss of the technology business, net loss of the Group was reduced to approximately HK\$32 million for the fifteen months ended 31 December 2003.

(b) Capital structure

As stated in the Company's annual report for the fifteen months ended 31 December 2003, the Group had total assets of approximately HK\$425 million as at 31 December 2003, which was made up of shareholders' equity of approximately HK\$124 million and total liabilities of approximately HK\$301 million. These liabilities comprised primarily borrowings of approximately HK\$164.7 million due to Melco and trade payables and other payables of approximately HK\$136.3 million. There were no outstanding bank borrowings. Gearing ratio (expressed as total borrowings divided by total assets) was approximately 38.8% as at 31 December 2003.

(c) Liquidity

As shown in the Company's 2003 annual report, the Group recorded cash outflows for its operating activities of approximately HK\$22 million for the twelve months ended 30 September 2002 and approximately HK\$59 million for the fifteen months ended 31 December 2003 respectively. Current ratios were approximately 1.2 times and 1.28 times respectively for the two corresponding years.

3. Principal terms of the iAsia Group Disposal Agreement

| | |
|------------------------------|--|
| Purchaser | Melco |
| Vendor | the Company |
| Assets to be Disposed | Entire issued share capital of iAsia (being 2 shares of HK\$1.00 each) |

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| | |
|---------------------------------|--|
| Consideration | Approximately HK\$27.9 million, which was determined at after arm's length negotiation between Melco and the Company and was based on a price to earnings multiple of 6.98 times of the guaranteed net profit after tax and minority interest of not less than HK\$4 million of the iAsia Group for the twelve months ending 31 December 2004 |
| Profit Guarantee | Net profit after tax and minority interest of not less than HK\$4 million for the twelve months ending 31 December 2004. In the event that the iAsia Group fails to achieve this guaranteed net profit after tax and minority interest, the Company shall pay to Melco an amount equivalent to such shortfall (up to a maximum of HK\$4 million) on a dollar for dollar basis |
| Conditions | <p>The iAsia Group Disposal Agreement is subject to, inter alia, the following conditions being fulfilled on or before the Long Stop Date or such other date the Company and Melco may agree in writing:</p> <ul style="list-style-type: none">(i) passing of an ordinary resolution to approve the iAsia Group Disposal Agreement by Melco's independent shareholders at the Melco's EGM; and(ii) passing of an ordinary resolution to approve the iAsia Group Disposal Agreement by the Independent Shareholders at the EGM |
| Expected Completion Date | Completion will take place on the third business day after the date on which all the relevant conditions have been fulfilled |

4. Rationale for the disposal of the iAsia Group

(a) *Background of the iAsia Group*

The iAsia Group, the technology arm of the Company, is primarily engaged in (i) the provision of comprehensive online trading and related systems to financial institutions and intermediaries; (ii) the supply of computer hardware equipment and intelligence surveillance system; (iii) the provision of enterprise portal solutions, business process workflow re-engineering, information technology consultancy services and e-commerce infrastructure to clients in Macau and the Pearl River Delta Region of the PRC; and (iv) the provision of tailor-made information technology related systems and services to gaming companies and other industries, such as retail, entertainment and hospitality industries.

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(b) Disposal of the iAsia Group as part of group restructuring

As stated in the section headed “Reasons for Entering Into the iAsia Group Disposal Agreement and the Intended Use of Proceeds” in the letter from the Board contained in the Circular, the disposal of the iAsia Group forms part of the group reorganisation of the Melco Group which includes the Group. The consideration was arrived at after arm’s length negotiation between the parties thereto. The Company considered that the disposal will rationalise the corporate structure and business of the Group and enable it to focus on its investment banking and financial services business. The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

For the fifteen months ended 31 December 2003, the investment banking and financial services business accounted for approximately 63% of total turnover of the Group whereas the technology business took up the remaining 37% of the turnover of the Group for the same period. The Company has submitted an application for a financial intermediary license in Macau and has opened an office in Shenzhen. Following this disposal, the Company will be able to focus on the development of the investment banking and financial services business.

(c) The iAsia Group has a loss-making track record

The following table summarises the unaudited proforma combined financial information of the iAsia Group for the twelve months ended 30 September 2002 and for the fifteen months ended 31 December 2003:

| | For the twelve months ended 30 September 2002 | For the 15 months ended 31 December 2003 |
|---|--|---|
| | <i>\$'000</i> | <i>\$'000</i> |
| Turnover | 11,003.1 | 48,606.5 |
| Loss before tax during the period | (17,136.7) | (7,230.0) |
| Loss attributable to shareholders during the period | (16,981.9) | (7,159.8) |
| Net deficit as at end of period | (15,088.5) | (26,249.1) |
| Waiver of inter-company loans by the Company | | 25,791.4* |
| Unaudited pro forma combined net deficit immediately after the waiver of inter-company loans by the Company | | (457.7) |

* The Company has agreed to waive the inter-company loans advanced to the iAsia Group amounting to HK\$25,791,394 before the disposal of the iAsia Group to Melco in 2004. The waiver of inter-company loans is accounted for in the books of the iAsia Group by directly crediting its net deficit.

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Since its inception in September 1999, the iAsia Group has been suffering losses. For the fifteen months ended 31 December 2003, turnover of the iAsia Group increased to approximately HK\$48.6 million from approximately HK\$11 million for the twelve months ended 30 September 2002. However, the iAsia Group continued to incur net losses of approximately HK\$7.2 million in 2003. As advised by the Company, the iAsia Group is still in the development phase and considerable investment continues to be required in 2004.

(d) Technology business drags profit

Obsolescence of the technology assets has adversely affected the net profit of the Group. The Group provided for impairment loss of approximately HK\$11.5 million for computer equipment and software for the twelve months ended 30 September 2002 and approximately HK\$3.1 million for its online trading systems for the fifteen months ended 31 December 2003 respectively. We have been advised by the Company that writeback of impairment losses made in previously years is unlikely.

5. Evaluation of the valuation for the iAsia Group

In determining the fairness and reasonableness of the consideration for the iAsia Group, we have made reference to comparable (a) price to net tangible asset value multiple; and (b) price to earnings multiple.

For comparison purpose, we have not been able to identify any listed companies in Hong Kong, the principal businesses of which are identical to that of the iAsia Group. Nevertheless, we have identified, to the best of our knowledge, 10 listed companies whose operations fall into the categories of Internet application software, e-commerce and application software, and which we can use as close proximities (the “Comparable Companies”). 9 out of these 10 Comparable Companies are listed on the GEM Board of the Stock Exchange and only one of them is listed on the Main Board.

Since the iAsia Group suffered net loss of approximately HK\$7.2 million for the fifteen months ended 31 December 2003, no historical price to earnings multiples can be derived. Based on the guaranteed net profit after tax and minority interest of not less than HK\$4 million for the twelve months ending 31 December 2004, the consideration of HK\$27.9 million for this transaction represents a prospective price to earnings multiple of approximately 6.98 times. It should be noted that this multiple of 6.98 times serves as the proxy available for the price to earnings multiple analysis and is for reference only.

(a) Price to net tangible asset value multiple

As iAsia and the Comparable Companies are technology enterprises without profitable performance record, we consider it useful to make an assessment with reference to the price to net tangible asset value multiple.

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8 of the 10 Comparable Companies have posted positive net tangible asset value in their latest annual, interim or quarterly reports. The following table sets out a summary of the particulars of these 8 Comparable Companies, including their respective market capitalisations, historical net tangible asset values reported on their latest published annual reports/results and their historical price to net tangible asset value multiples as at the Latest Practicable Date:

| Company | Market capitalisation as at the Latest Practicable Date <i>HK\$'000</i> | Net tangible asset value extracted from the latest financial reports/results <i>HK\$'000</i> | Price to net tangible asset value multiples as at the Latest Practicable Date (x) |
|--|--|---|--|
| DigitalHongKong.com ⁽¹⁾ | 13,500 | 16,182 | 0.83 |
| Timeless Software Ltd ⁽²⁾ | 191,490 | 238,406 | 0.80 |
| ePro Limited ⁽¹⁾ | 20,976 | 16,016 | 1.31 |
| Stockmartnet Holdings Limited ⁽¹⁾ | 32,890 | 34,614 | 0.95 |
| WorldMetal Holdings Limited ⁽³⁾ | 86,000 | 37,782 | 2.28 |
| Tradeeasy Holdings Limited ⁽³⁾ | 14,000 | 26,988 | 0.52 |
| Central China Enterprises Limited ⁽⁴⁾ | 145,948 | 16,796 | 8.69 |
| Excel Technology International Holdings Limited ⁽²⁾ | 147,758 | 116,378 | 1.27 |
| iAsia Group⁽⁵⁾ | 27,900 | 3,500 | 7.97 |

Notes:

(1) as at 31 December 2003

(2) as at 31 March 2003

(3) as at 30 September 2003

(4) as at 30 June 2003

(5) The price to net tangible asset value multiple of 7.97 times is based on the consideration of HK\$27.9 million for the disposal of the iAsia Group, and the estimated net tangible asset value of approximately HK\$3.5 million for the year ending 31 December 2004, which is arrived at by summing the negative net tangible asset value of approximately HK\$0.46 million for the fifteen months ended 31 December 2003 and the guaranteed net profit after tax and minority interest of HK\$4 million for the twelve months ending 31 December 2004

Source: Bloomberg; company annual, interim and quarterly reports

As illustrated in the table above, the historical price to net tangible asset value multiples of these Comparable Companies fall in the range of 0.5 to 8.7 times. As the iAsia Group recorded negative net tangible asset value of approximately HK\$0.46 million for the 15 months ended 31 December 2003, no historical price to net tangible asset value multiple can be derived. As advised by the Company, with reference to the negative net tangible asset value of approximately HK\$0.46 million as at 31 December 2003 and the guaranteed net profit after tax and minority interest of HK\$4 million for the twelve months ending 31 December 2004, the net tangible asset value of the iAsia Group is expected to be about HK\$3.5 million for the twelve months ending 31 December

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2004, which translates into a prospective price to net tangible asset multiple of approximately 8 times. Accordingly, the price to net tangible asset value multiple of approximately 8 times for the consideration of the iAsia Group falls within the range indicated by the Comparable Companies.

(b) Price to earnings multiple

We have noted two restrictions in the price to earnings multiple analysis: (i) the price to earnings multiple measure can only be applicable to the three Comparable Companies since seven of them are emerging enterprises listed on the GEM Board and are loss making; and (ii) market estimates for net profits and thus price to earnings multiples for 2004 are unavailable because most of the Comparable Companies are not under coverage by equity analysts.

Set out below is a summary of the particulars of these three Comparable Companies, including their respective market capitalisations, historical net profits reported on their latest published annual reports/results and their historical price to earnings multiples as at the Latest Practicable Date:

| Company | Market capitalisation as at the Latest Practicable Date <i>HK\$'000</i> | Net profit reported on the latest financial reports/results <i>HK\$'000</i> | Price to earnings multiples as at the Latest Practicable Date <i>(x)</i> |
|--|---|---|--|
| DigitalHongKong.com ⁽¹⁾ | 13,500 | 142 | 95.07 |
| ePro Limited ⁽¹⁾ | 20,976 | 3,290 | 6.38 |
| abc Multiactive Limited ⁽²⁾ | 22,643 | 7,788 | 2.91 |
| iAsia Group | 27,900 | 4,000 | 6.98⁽³⁾ |

Notes:

- (1) Financial year ended 30 June 2003
- (2) Financial year ended 30 November 2003
- (3) The price to earnings multiple of 6.98 times is based on the consideration of HK\$27.9 million and the guaranteed net profit after tax and minority interest of HK\$4 million for the twelve months ending 31 December 2004

Source: Bloomberg; company annual reports/results

As shown in the table above, the historical price to earnings multiples of the three Comparable Companies range from approximately 2.9 times to 95.1 times. The price to earnings multiple of 6.98 times of the guaranteed net profit after tax of not less than HK\$4 million for the iAsia Group falls within this historical multiple range.

Overall, taking into account that the consideration for the disposal of the iAsia Group is within the valuation range with reference to price to net tangible asset value and price to earnings yardsticks, we consider the consideration is fair and reasonable as far as the Company and its Independent Shareholders are concerned.

6. Effect of the disposal of the iAsia Group

(a) *Gearing*

As stated in the section headed “Financial Effects of the iAsia Group Disposal Agreement on the Group” in the letter from the Board contained in the Circular, upon completion of the disposal of the iAsia Group, total liabilities of the Group, on a pro forma unaudited consolidated basis, are expected to reduce to approximately HK\$245 million, accounting for approximately 61.8% of total assets versus approximately 70.9% before the disposal. As advised by the Company, there were no outstanding external borrowings as at 31 December 2003. Net debt (expressed as bank balances & cash and pledged bank deposits minus total borrowings) is also expected to reduce from approximately HK\$62 million to approximately HK\$47 million, representing approximately 36.7% of net tangible asset value of the Group against approximately 62.1% before the disposal. Therefore, the disposal of the iAsia Group will reduce the gearing of the Group.

(b) *Liquidity*

The proceeds from the disposal of the iAsia Group will be applied to repay a shareholder’s loan owed by one of the Company’s subsidiaries to Melco or one of its subsidiaries. Although there will not be any cash inflow into the Group, as a result of the disposal, future working capital requirement for the iAsia Group will be avoided. Further, as stated in section headed “Financial Effects of the iAsia Group Disposal Agreement on the Group” in the letter from the Board contained in the Circular, the working capital of the Group will be improved from approximately HK\$84.6 million to approximately HK\$114.6 million and the current ratio will be improved to approximately 1.47 times from approximately 1.28 times.

(c) *Profitability*

As stated in the section headed “Financial Effects of the iAsia Group Disposal Agreement on the Group” contained in the letter from the Board of this Circular, the disposal of the iAsia Group will generate the following financial impact on the Group:

- (i) one-off gain of approximately HK\$28.36 million for the twelve months ending 31 December 2004; and
- (ii) savings on interest expenses of approximately HK\$0.84 million per annum.

This disposal will also remove possible financial burden on the Group by carrying on the business of the iAsia Group.

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(d) *Possible risks*

We have noted that the consideration of HK\$27.9 million for the disposal of the iAsia Group is conditional on a one-year guaranteed net profit after tax and minority interest of not less than HK\$4 million to be achieved for the twelve months ending 31 December 2004. Should the iAsia Group fail to achieve this aforesaid guaranteed net profit after tax and minority interest, the Company would be required to compensate Melco by such profit shortfall on a dollar for dollar basis up to a limit of HK\$4 million. However, it should be noted that the compensation is only computed on the actual amount of such profit shortfall, and the consideration is not adjusted or penalised at a pro-rata multiple of 6.98 times.

Notwithstanding the guaranteed net profit after tax and minority interest of not less than HK\$4 million for the twelve months ending 31 December 2004, there is insufficient information about the future prospects of the iAsia Group. Should it become very profitable after the completion of the iAsia Group Disposal Agreement, the consideration could prove to be on the low side, with hindsight. We feel however that with high gearing and historical performance of the iAsia Group, future prospects that the iAsia Group could yield under the ownership of Melco might not be equally and readily available to the Group anyhow.

RECOMMENDATION TO THE INDEPENDENT BOARD COMMITTEE

We draw your attention to the principal factors and reasons that we have examined in the foregoing, in particular the following key elements, which should be read in conjunction with and interpreted in the full context of this letter:

- the disposal of the iAsia Group is part of the group reorganization of the Melco Group, which includes the Group. The disposal will enable the Group to rationalise its corporate structure and provide an opportunity for the Group to focus on the investment banking and financial services business;
- the iAsia Group has suffered net losses over the past few years and recorded negative net tangible asset value as at 31 December 2003. The disposal of the iAsia Group will bring to the Group a positive impact in terms of profitability, gearing and liquidity; and
- the consideration for the disposal of the iAsia Group is within the valuation range of the Comparable Companies and is therefore considered fair and reasonable.

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Having taken into account the above key factors, we are of the view that the terms and conditions of the disposal of the iAsia Group are in the interest of the Company and the Independent Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution at the relevant EGM in relation to the disposal of the iAsia Group.

Yours faithfully,

For and on behalf of

Asian Capital (Corporate Finance) Limited

Patrick K.C. Yeung

Managing Director

Anita M.W. Chu

Associate Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, 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 the omission of which would make any statement in this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the relevant interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in Shares

| Name of Directors | Nature of interests | Notes | Number of Shares interested | Approximate percentage of Shares interested |
|-------------------------|---------------------|-------|-----------------------------|---|
| Dr. Stanley Ho | Corporate | (1) | 7,384,651 | 3.10% |
| | Personal | (5) | 735,000 | 0.31% |
| Mr. Lawrence Ho | Corporate | (2) | 4,232,627 | 1.78% |
| | Personal | (5) | 1,226,057 | 0.51% |
| Dr. Lee Jun Sing | Corporate | (3) | 6,299,702 | 2.65% |
| | Personal | (5) | 3,627,567 | 1.52% |
| Mr. Ko Chun Fung, Henry | Corporate | (4) | 4,237,025 | 1.78% |
| | Personal | (5) | 3,627,567 | 1.52% |

Notes:

- Dr. Stanley Ho will be taken to be interested in 7,384,651 Shares as a result of him being beneficially interested in 65% of the issued share capital of Bailey which in turn holds approximately 3.10% of the issued share capital of the Company.
- Mr. Lawrence Ho will be taken to be interested in 4,232,627 Shares 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 the Company.

3. Dr. Lee Jun Sing will be taken to be interested in 6,299,702 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which in turn holds approximately 2.65% of the issued share capital of the Company.
4. Mr. Ko Chun Fung, Henry will be taken to be interested in 4,237,025 Shares as a result of him being beneficially interested in 51% of the issued share capital of Capital Speed Limited which in turn holds approximately 1.78% of the issued share capital of the Company.
5. The personal interests of the relevant Directors represent their respective derivative interests in the Company comprising the physically settled Options as more particularly mentioned in sub-section headed "Derivative interests" below.

(b) Derivative interests

Pursuant to the Pre-IPO Share Option Plan adopted by the Company on 14 March 2001 and the Share Option Scheme adopted by the Company on 29 November 2001 as respectively described in the section headed "Details of outstanding Options granted" below, as at the Latest Practicable Date, the Directors have Options granted by the Company to subscribe Shares as follows:

| Name of Director | Date of grant | Notes | Exercise price per Share HK\$ | Number of underlying Shares comprised in the Options outstanding as at the Latest Practicable Date | Expiry date |
|----------------------------|----------------|-------|-------------------------------------|--|------------------|
| Dr. Stanley Ho | 6th April 2001 | | 3.6 | 735,000 | 8th October 2005 |
| Mr. Lawrence Ho | 6th April 2001 | | 3.6 | 735,000 | 8th October 2005 |
| | 9th July 2002 | (1) | 1.0 | 491,057 | 8th July 2012 |
| Dr. Lee Jun Sing | 6th April 2001 | | 3.6 | 3,136,510 | 8th October 2005 |
| | 9th July 2002 | (1) | 1.0 | 491,057 | 8th July 2012 |
| Mr. Ko Chun Fung, Henry | 6th April 2001 | | 3.6 | 3,136,510 | 8th October 2005 |
| | 9th July 2002 | (1) | 1.0 | 491,057 | 8th July 2012 |

Notes:

1. The grant of Options on 9th July 2002 pursuant to the Share Option Scheme had been reviewed and approved by the independent non-executive Directors of the Company.

The Options are exercisable in accordance with the terms of the Pre-IPO Share Option Plan and the Share Option Scheme at any time during the following periods and in the following manners:

| Exercisable period | Percentage of underlying Shares comprised in the Options which become exercisable |
|---|--|
| For Options granted on 6th April 2001 pursuant to the Pre-IPO Share Option Plan: | |
| Commencing from the business day immediately following the first six months of the commencement of the trading of the Shares on GEM | Up to 50% |
| Commencing from the business day immediately following the first anniversary of the commencement of the trading of the Shares on GEM and ending approximately 4.5 years after the date of grant | All Shares in respect of which the Option has not been previously exercised |
| For Options granted on 9th July 2002 pursuant to the Share Option Scheme: | |
| Commencing from the date of grant up to the date falling six months thereafter | Up to 50% |
| Commencing during the period immediately after the expiry of first six months from the date of grant and ending 10 years after the date of grant | All Shares in respect of which the Option has not been previously exercised |

As at the latest Practicable Date, none of the Directors had exercised their Options.

(c) Interests in shares and equity derivatives of Melco

| Name of Directors | Nature of interests | <i>Notes</i> | Number of shares of Melco interested | Approximate percentage of shares of Melco interested |
|--------------------------|----------------------------|--------------|---|---|
| Dr. Stanley Ho | Corporate | (1) | 2,377,500 | 0.60% |
| | Personal | (1) | 12,646,367 | 3.19% |
| Mr. Lawrence Ho | Corporate | (2) | 202,020,815 | 50.90% |
| | Personal | (3) | 1,816,306 | 0.46% |
| | Personal | (3) | 1,800,000 | 0.45% |

Notes:

1. Dr. Stanley Ho will be taken to be interested in 2,377,500 shares of Melco as a result of him being beneficially interested in the respective entire issued share capitals of Sharikat Investments Ltd. and Dareset Ltd. which in turn hold an aggregate of approximately 1.06% of the issued share capital of Melco. Apart from that, Dr. Stanley Ho personally holds 12,646,367 shares of Melco
2. Mr. Lawrence Ho is taken to be interested in 57,754,512 shares of Melco as a result of him being beneficially interested in the entire issued share capital of Lasting Legend Ltd. which in turn holds approximately 25.80% of the issued share capital of Melco. By reason of entering the Better Joy Sale Shares Agreement between Melco and Better Joy Overseas Ltd., Mr. Lawrence Ho is taken to be interested in 144,266,303 shares as a result of him being beneficially interested in 77% of issued share capital of Better Joy.
3. The personal interests of Mr. Lawrence Ho comprises of his personal holding of 1,816,306 shares in Melco and derivative interests in Melco comprising the physically settled options which were granted on 19th February 2004 and may be exercised, as for 900,000 options, during the period from 19th February 2005 to 7th March 2012 and as for the other 900,000 options, during the period from 19th February 2006 to 7th March 2012, at an exercise price of HK\$2.405 per Melco's share.

Save as disclosed above, as at the Latest Practicable Date, 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 its associated corporations (within the meaning of Part XV of the SFO) which 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 have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name | Number of Shares held | Approximate shareholding percentage |
|-----------------------|-----------------------|--|
| Melco (<i>Note</i>) | 160,930,381 | 67.57% |

Note: The said 160,930,381 Shares were held by Melco Finance and Technology Limited, which is a wholly-owned subsidiary of Melco.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, there is no other person who had an interest or a short position in the shares and underlying shares (including interests in options, if any) of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

4. DETAILS OF OUTSTANDING OPTIONS GRANTED

(a) Pre-IPO Share Option Plan

As at the Latest Practicable Date, Options to subscribe for an aggregate of 9,740,208 underlying Shares granted on 6th April 2001 (“Pre-IPO Share Options”) pursuant to the Pre-IPO Share Option Plan were outstanding. The following are details of the outstanding Pre-IPO Share Options:

| Categories of grantees | Total no. of grantees | No. of underlying Shares to be issued upon the exercise of the Pre-IPO Share Options | Exercise price per Share HK\$ | Pre-IPO Share Options duration |
|--------------------------|-----------------------|--|----------------------------------|------------------------------------|
| Directors of the Company | 4 | 7,743,020 | 3.6 | 6th April 2001 to 8th October 2005 |
| Employees | 4 | 1,997,188 | 3.6 | 6th April 2001 to 8th October 2005 |
| Total | <u>8</u> | <u>9,740,208</u> | | |

Details of the grant of Pre-IPO Share Options to the Directors of the Company are disclosed in the sub-section headed “Derivative interests” under the section of “Directors’ and chief executives’ interests in the Company and its associated corporations” above.

A summary of the major terms of the Pre-IPO Share Option Plan is set out at pages 184-186 of the Company’s prospectus dated 23rd March 2001.

(b) Share Option Scheme

As at the Latest Practicable Date, Options to subscribe for an aggregate of 4,228,002 underlying Shares which has been granted on 9th July 2002 (“Share Options”) pursuant to the Share Option Scheme were outstanding. The following are details of the outstanding Share Options:

| Categories of grantees | Total no. of grantees | No. of underlying Shares to be issued upon the exercise of the Share Options | Exercise price per Share HK\$ | Share Options duration |
|--------------------------|-----------------------|--|----------------------------------|--------------------------------|
| Directors of the Company | 3 | 1,473,171 | 1.0 | 9th July 2002 to 8th July 2012 |
| Employees | 24 | 1,802,181 | 1.0 | 9th July 2002 to 8th July 2012 |
| Other eligible persons | 5 | 933,008 | 1.0 | 9th July 2002 to 8th July 2012 |
| Total | <u>32</u> | <u>4,208,360</u> | | |

Details of the grant of Share Options to the Directors of the Company are disclosed in the sub-section headed “Derivative interests” under the section of “Directors’ and chief executives’ interests in the Company and its associated corporations” above.

During the period between 31 December 2003 and the Latest Practicable Date, certain Share Options to subscribe for a total of 19,642 underlying Shares granted to 2 employees lapsed as the relevant employees failed to exercise the same within 3 months after the relevant employees ceased to be the employees of the Group. Since the date of the grant of the Share Options up to the Latest Practicable Date, none of the Share Options was exercised.

A summary of the major terms of the Share Option Scheme is set out at pages 76-85 of the circular of the Company dated 12th November 2001.

5. COMPETING INTERESTS

Dr. Stanley Ho, the Chairman and an executive Director of the Company, 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 the management shareholders of the Company or their respective associates had any business or interest in a business which competes or may compete with the business of the Group.

6. DIRECTOR'S INTERESTS IN CONTRACTS

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

- (a) none of the directors of the Group has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (b) none of the Directors has any interest, direct or indirect, in any assets which have been, since 31 December 2003 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) there is no subsisting contract or arrangement in which any Director is materially interested and which is significant in relation to the business of the Group.

7. LITIGATION

Saved as disclosed herein, 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 to be pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2003, the date of the latest published audited accounts of the Group were made up.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular.

| Name | Qualification |
|---------------|--------------------------------------|
| Asian Capital | a licensed corporation under the SFO |

As at the Latest Practicable Date, Asian Capital does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Asian Capital did not have any interest, direct or indirect, in any assets which have been, since 31 December 2003 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Asian Capital has given, and has not withdrawn, its written consent to the issue of this circular, with inclusion of its letter and the references to its name included herein in the form and context in which they respectively appear.

10. GENERAL

- (a) The registered office, head office and principal place of business of the Company is at 28/F., The Centrium, 60 Wyndham Street, Central, Hong Kong. The share registrar and transfer office of the Company is Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The qualified accountant of the Company is Ms. Fung Wai Har. Ms. Fung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants.
- (c) The company secretary of the Company is Mr. Tsang Yuen Wai, Samuel, a solicitor admitted in Hong Kong, England and Wales and Australia.
- (d) The compliance officer of the Company is Mr. Ko Chun Fung, Henry, an executive director and the chief executive officer of the Company.
- (e) The audit committee of the Company was formed on 14th March 2001 comprising the independent non-executive directors of the Company, Mr. Tsui Yiu Wa, Alec and Attorney Patajo-Kapunan, Lorna. The terms of reference of the audit committee were established with regard to Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to (i) review the Company's annual reports, financial statements, interim reports and quarterly reports and to provide advice and comments thereon to the board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group.
- (f) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text in the case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 28/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, up to and including 20 May 2004:

- (a) the annual report of the Company for the financial year ended 31 December 2003;
- (b) the iAsia Group Disposal Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;

- (d) the letter of advice from Asian Capital to the Independent Board Committee, the text of which is set out in this circular; and
- (e) the written consent referred to in the paragraph headed “Qualification and consent of expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



VALUE CONVERGENCE HOLDINGS LIMITED 滙盈控股有限公司

(Incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN (the “Notice”) that an extraordinary general meeting (the “Meeting”) of Value Convergence Holdings Limited (the “Company”) will be held at 38/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, on Thursday, 20 May 2004 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as an ordinary resolution and a special resolution, respectively of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional agreement dated 19th March, 2004 made between Melco International Development Limited (“Melco”) and Value Convergence Holdings Limited (“Company”) pursuant to which the Company has conditionally agreed to sell, and Melco has conditionally agreed to purchase, the entire issued share capital of iAsia Technology Ltd. for a cash consideration of HK\$27.9 million (“iAsia Group Disposal Agreement”), a copy of which has been produced to this meeting marked “A” and initialed by the chairman of this meeting for the purpose of identification, be and is hereby confirmed, approved and ratified; and
- (b) the directors of the Company (or any of them) be and are hereby authorized to execute or to authorize the execution of such documents on behalf of the Company as they may consider necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the iAsia Group Disposal Agreement or any matter related thereto and to make and agree such variations to the iAsia Group Disposal Agreement as the directors of the Company in their discretion consider to be desirable and in the interests of the Company and any such documents, acts and things be and are hereby confirmed, approved and ratified.”

SPECIAL RESOLUTION

“THAT:

the New Articles of Association of the Company as at the date hereof be amended as follows:

- (a) by deleting the definition of “associate” in Article 2 and inserting the following in its place:

““associate” shall have the meaning attributed to it in the GEM Listing Rules;”;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) by inserting the following new definitions in appropriate alphabetical order in Article 2, and in general re-ordering in an alphabetical manner the definitions in Article 2:

““business day” shall mean any day on which the Stock Exchange is open for the business of dealing in securities”;

““GEM Listing Rules” shall mean the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (as the same are amended from time to time);”

““subsidiaries” shall have the meaning attributed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);”;

- (c) by deleting the words “Section 2 of the clearing house the Securities and Futures (Clearing Houses) Ordinance of Hong Kong” in the definition of “clearing house” in Article 2 and substituting therefor the following:

“the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)”;

- (d) by deleting the words “or corporation” in the definition of “Secretary” in Article 2;

- (e) by deleting the words “two months” in Article 41 and substituting therefor the words “ten business days”;

- (f) by deleting the words “or by which” on the seventh line in Article 78 and inserting the words “shall have one vote for every fully paid share of which” in their place;

- (g) by inserting the following new Article 89A immediately after the existing Article 89:

“89A. Where any member of the Company is, under the GEM Listing Rules, required to abstain from voting on any particular resolution, or restricted to voting only for or only against any particular resolution, at any general meeting of the Company, any votes cast by such member (or, in the case of a member being a corporation, by its duly authorized representative) or his proxy or attorney in contravention of such requirement or restriction shall not be counted for the purpose of determining whether such resolution is passed as a resolution with the requisite majority or votes.”;

- (h) by deleting the existing paragraphs (g) and (h) of Article 100 and substituting therefor the following new paragraphs (g) and (h):

“(g) Whenever a Director or any of his associates who, to the knowledge of such Director, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, such Director shall declare the nature of his interest or the interest of his associate(s)

NOTICE OF EXTRAORDINARY GENERAL MEETING

at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest or the interest of his associate(s) then exists, or in any other case at the first meeting of the Board after he knows that he or his associate(s) is or has become so interested. For this purpose, a general notice to the Board by a Director to the effect that:

- (i) he or any of his associates is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or
- (ii) he or any of his associates is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with such Director or associate,

shall be deemed to be a sufficient declaration of interest in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

- (h) A Director shall not vote (nor shall he be counted in the quorum present at the relevant meeting of the Directors) on any resolution of the Directors in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) has/have a material interest, but this prohibition shall not apply to, and a Director shall (in the absence of some material interest other than is indicated below) be entitled to vote (and be counted in the quorum present) in respect of any resolution concerning, any of the following matters:
 - (i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him and/or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant(s) in the underwriting or sub-underwriting of the offer;

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- (iv) any contract, arrangement or proposal in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;
- (vi) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (1) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities of the Company under which the Director or his associate(s) may benefit; or
 - (2) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.”;
- (i) by deleting the second sentence in paragraph (i) of Article 100 and substituting therefor the following:

“For the purpose of this paragraph, there shall be disregarded any shares held by a Director or his associate(s) as bare trustee or custodian and in which he or any of them has no beneficial interest (discretionary or otherwise), any shares comprised in a trust in which the Director’s interest and/or the interest of his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder(s) and any shares which carry no voting rights at general meetings and very restrictive dividend and return of capital rights”;

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- (j) by deleting paragraph (k) of Article 100 and substituting therefor the following:
- “(k) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or that of his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;
- (k) by deleting paragraph (l) of Article 100;
- (l) by re-numbering paragraph (m) of the existing Article 100 as paragraph (l) of Article 100;
- (m) by deleting the words “at least seven days before the date of the general meeting” in Article 105 and substituting therefor the following:
- “provided that, in each case, the minimum period for lodgment of any such notice will be at least seven days and that any such notice must be lodged no earlier than the day after the despatch of the notice of the general meeting appointed for such election and no later than seven days prior to the date of such general meeting”;
- (n) by deleting the words “special resolution” in Article 107 and by substituting therefor the words “ordinary resolution”;
- (o) by deleting the words “(including any such liability as is mentioned in paragraph (c) of the proviso to Section 165 of the Ordinance)” in Article 178(a);
- (p) by deleting Articles 178(b) and by substituting therefor the following new Articles 178(b), (c) and (d):-
- “(b) The Company may indemnify any Director or other officer of the Company, against any liability incurred by him:
- (i) in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted; or

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) in connection with any application under Section 358 of the Companies Ordinance in which relief is granted to him by the court.
- (c) The Company may purchase and maintain for any Director or officer of the Company:–
 - (i) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
 - (ii) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.
- (d) In this Article, “related company”, in relation to the Company, means any company that is the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company.”

and THAT the Directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate or necessary to effect, implement and complete any of the foregoing.”

By order of the Board
Value Convergence Holdings Limited
Tsang Yuen Wai, Samuel
Company Secretary

Hong Kong, 23 April 2004

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

28/F, The Centrium
60 Wyndham Street
Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the registered office, of the Company at 28/F., The Centrium, 60 Wyndham Street, Central, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Whether or not you propose to attend the Meeting in person, you are strongly urged to complete and return the proxy form in accordance with the instructions printed thereon. Completion and return of the proxy form will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the proxy form, it will be deemed to have been revoked.