

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

(Incorporated in Hong Kong with limited liability)

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)

The Board wishes to announce that the Lender, a 67.57% indirectly owned subsidiary of the Company, 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.

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 and is subject to the disclosure requirements under the Main Board Listing Rules.

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. 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.

The Company will despatch a circular containing further details of the Loan Agreement and the transaction to the Shareholders as soon as practicable.

THE LOAN AGREEMENT DATED 31 AUGUST 2004

Date

31 August 2004

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

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 will be financed by internal resources of the Lender.

The Loan is secured by a personal guarantee from Mr. Luk Chung Po, share mortgages over the Acquisition Shares, the Offer Shares and certain shares in a company listed on the Singapore Exchange Securities Trading Limited 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 not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates, respectively. 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 date of this announcement.

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, the securities held by the Lender, the term of the Loan and with reference to the current market rate. The interest rate charged by the Lender for a loan facility is on a case by case basis.

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 Offers.

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.

All of the above parties are independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates, respectively, 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 entering into of the Acquisition Agreement, the Borrower has not conducted any business since its incorporation. As at the date of this announcement, the Borrower and its shareholders and parties acting in concert with any of them do not have any interest in the Shares of the Company.

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.

GENERAL

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 and is subject to the disclosure requirements under the Main Board Listing Rules.

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. 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.

The Company will despatch a circular containing further details of the Loan Agreement and the transaction to the Shareholders as soon as practicable.

As at the date of this announcement, the Board comprises three executive Directors, namely, Dr. Stanley Ho (Chairman), Mr. Lawrence Ho (Managing Director) and Mr. Frank Tsui, one non-executive Director, namely, Mr. Ho Cheuk Yuet and three independent non-executive Directors, namely, Sir Roger Lobo, Mr. Robert Kwan and Mr. Ng Ching Wo.

DEFINITIONS

“Acquisition Agreement”	the sale and purchase agreement dated 31 August 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 agreed to be 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 not connected with the Company, its directors, substantial shareholders or chief executive or any of their respective subsidiaries and associates
“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

“Lender”	VC Brokerage Limited, a company incorporated in Hong Kong and is 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
“Offers”	the possible mandatory cash offers made by VC Capital Limited on behalf of the Borrower in accordance with the Takeovers Code to acquire the shares and convertible notes of 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 Offers
“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 date of this announcement, 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 not connected with the Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates, respectively
“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
“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 not connected with the Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates, respectively

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

Hong Kong, 3 September 2004

The directors of the Borrower jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (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 announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Lender, VCH and the Group) the omission of which would make any statement in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (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 announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Borrower) the omission of which would make any statement in this announcement misleading.

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