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VALUE CONVERGENCE HOLDINGS LIMITED

滙盈控股有限公司

(Incorporated in Hong Kong with limited liability)

Website: <http://www.valueconvergence.com>

(Stock Code: 8101)

MAJOR TRANSACTION

Financial adviser to Value Convergence Holdings 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 wholly-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' obligation under the Acquisition Agreement and (ii) enabling the Borrower to acquire the Offer Shares.

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 the Company, the provision of the Facility constitutes a major transaction of the Company and is subject to and conditional upon, among other things, the approval of the Shareholders at a general meeting of the Company. Melco Financial is interested in approximately 67.57% of the entire issued share capital of the Company and has the same interest as the remaining minority shareholders of the Company regarding the provision of the Facility to the Borrower by the Lender. Melco Financial has given its consent in writing to approve the Loan Agreement in lieu of holding a meeting of the Shareholders.

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

Trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 31 August 2004 at the request of the Company pending publication of this announcement. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 September 2004.

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 the Company
Borrower	CV Capital Partners Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Purchasers

Facility

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

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

The Facility 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:

- (a) 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
- (b) 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 each Advance

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

- (1) 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
- (2) 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%
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Total	100%
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(*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 is deemed a concert party 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 (as defined under the Takeover Codes) 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

The Group provides investment banking and financial services, including corporate finance advisory services, initial public offerings, mergers, acquisitions and takeovers. It also provides broking and dealing services for clients in securities and futures and options contracts, mainly on the Hong Kong Stock Exchange and Hong Kong Futures Exchange. In addition, it provides financial services like margin financing, securities underwriting, placing arrangement, investment advice and management and company-based research products focusing on Hong Kong, Macau and PRC markets. The Lender, a wholly owned subsidiary of the Company, is one of the investment banking and financial services units. 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 business. 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 19 of the GEM Listing Rules regarding the maximum loan amount under the Facility exceeds 25% for the Company, the provision of the Facility constitutes a major transaction of the Company and is subject to and conditional upon, among other things, the approval of the Shareholders at a general meeting of the Company. Melco Financial is the controlling shareholder of the Company and is interested in approximately 67.57% of the entire issued share capital of the Company and has the same interest as the remaining minority shareholders of the Company regarding the provision of the Facility to the Borrower by the Lender. Melco Financial has given its consent in writing to approve the Loan Agreement in lieu of holding a meeting of the Shareholders.

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

Trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 31 August 2004 at the request of the Company pending publication of this announcement. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 September 2004.

As at the date hereof, the executive directors of the Company are Dr. Stanley Ho, Mr. Lawrence Ho and Dr. Lee Jun Sing, the independent non-executive directors are Attorney Patajo-Kapunan, Lorna and Mr. Sham Sui Leung, Daniel.

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 alias, 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 respective directors, substantial shareholders or chief executive or any of their respective subsidiaries and associates
“associate(s)”	has the meaning ascribed in the GEM Listing Rules
“Board”	board of Directors
“Borrower”	CV Capital Partners Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Purchasers
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong, and the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Facility”	the term loan facility of HK\$70 million under the Loan Agreement
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 PRC
“Lender”	VC Brokerage Limited, a company incorporated in Hong Kong and a wholly owned 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
“Macau”	the Macau Special Administrative Region of the PRC
“Melco”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the main board of the Stock Exchange and the controlling shareholder of the Company
“Melco Financial”	Melco Financial Group Limited, a wholly owned subsidiary of Melco
“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
“PRC”	the Peoples’ Republic of China
“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\$0.10 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

“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
Value Convergence Holdings Limited
Ho Yau Lung, Lawrence
President and Vice Chairman

Hong Kong, 3 September 2004

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the website of the Company at www.valueconvergence.com