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**Willie International Holdings Limited**

**威利國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 273)**

**(Warrant Code: 614)**

**(1) PROPOSED CAPITAL REORGANISATION  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS  
OF FIVE RIGHTS SHARES FOR EVERY TWO ADJUSTED SHARES HELD  
AND  
(3) RESUMPTION OF TRADING**

**(1) Proposed Capital Reorganisation**

The Company proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation comprising (i) the Capital Reduction (i.e. the reduction of the nominal value of the Share of HK\$0.10 each to HK\$0.02 each by cancelling HK\$0.08 paid up on each Share and applying the credit arising from such reduction to the share premium account of the Company); and (ii) the Share Consolidation (i.e. the consolidation of 5 Reduced Shares of HK\$0.02 each into 1 Adjusted Share of HK\$0.10 each)

**(2) Proposed Rights Issue**

The Directors also propose, subject to the Capital Reorganisation becoming effective, to implement the Rights Issue in the proportion of five Rights Shares for every two Adjusted Shares held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share.

### **(3) EGM**

An EGM is proposed to be convened to approve the Capital Reorganisation and the Rights Issue in accordance with the Listing Rules. A circular containing, among others, details regarding (i) the proposed Capital Reorganisation; (ii) the Rights Issue; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, will be despatched to the Shareholders as soon as possible.

Upon the approval of the Rights Issue by the Shareholders at the EGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

### **(4) Resumption of Trading**

Trading in the Shares and the Warrants was suspended with effect from 9:30 a.m. on 19 June 2008 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 20 June 2008.

## **(1) PROPOSED CAPITAL REORGANISATION**

### **A. Capital Reorganisation**

The Directors propose to put forward a proposal to the Shareholders to effect the Capital Reorganisation pursuant to the Companies Ordinance which if it proceeds will involve:

- (a) the authorised capital of the Company being reduced from HK\$5,000,000,000 divided into 50,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 50,000,000,000 Shares of HK\$0.02 each and that such reduction be effected by way of the cancellation of HK\$0.08 of the paid up capital on each issued share of HK\$0.10 and reducing the nominal value of each issued or unissued share from HK\$0.10 to HK\$0.02 per share; and
- (b) the consolidation of every 5 Reduced Shares of HK\$0.02 each into one Adjusted Share of HK\$0.10 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000 divided into 50,000,000,000 Shares and the issued share capital of the Company is HK\$349,944,259.60 divided into 3,499,442,596 Shares.

Immediately after completion of the Capital Reorganisation, the authorised capital of the Company will be reduced from HK\$5,000,000,000 to HK\$1,000,000,000 divided into 10,000,000,000 Adjusted Shares of HK\$0.10 each and the issued share capital of the Company will be reduced from HK\$349,944,259.60 to HK\$69,988,851.90 divided into 699,888,519 Adjusted Shares. On the basis of 3,499,442,596 Shares in issue as at the date of this announcement, a total credit of approximately HK\$279,955,407.70 will arise as a result of the Capital Reduction, which will in its entirety, be credited to the share premium account of the Company.

As at the date of this announcement, (i) the Company has Warrants outstanding to subscribe for 300,000,000 Shares; and (ii) the Company proposes to issue Convertible Notes up to the aggregate principal amount of approximately HK\$86,586,533 convertible into 787,150,303 Shares at an initial conversion price of HK\$0.11, subject to adjustments. Save as disclosed, the Company has no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares as at the date of this announcement.

## **B. Conditions of the Capital Reorganisation**

The Capital Reorganisation will be conditional upon, inter alia, the following:

- (a) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation;
- (b) the registration by the Registrar of Companies in Hong Kong of a copy of resolution passed by the Shareholders, a copy of a minute containing the particulars required under section 61A of the Companies Ordinance and a statement in the prescribed form signed by an officer of the Company certifying that the relevant conditions under the Companies Ordinance have been satisfied; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue upon the Capital Reorganisation becoming effective.

Assuming that all the conditions are fulfilled, the Capital Reorganisation will become effective on the registration of the minute required under section 61A of the Companies Ordinance, which is expected to take place on 4 August 2008.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares on implementation of the Capital Reorganisation.

### **C. Effect of the Capital Reorganisation**

Implementation of the Capital Reorganisation would not, of itself, alter the underlying assets, liabilities, businesses, management or financial position of the Group and the Company or the rights of the Shareholders, except for payment of the related expenses. The proportionate interests and the voting rights of the Shareholders in the Company will not be affected by the Capital Reorganisation.

The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the rights of the Shareholders. Fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company.

### **D. Trading Arrangement**

The Shares are currently traded in board lots of 10,000 Shares each and the market value per board lot of the Shares is HK\$830, based on the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day. Assuming the Capital Reorganisation becomes effective, the Adjusted Shares will be traded in board lots of 10,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$4,150, based on the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day.

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during a period to be specified in the section headed “Expected timetable” in this announcement, submit certificates for the Shares to the Company’s share registrar for exchange, at the expense of the Company, for certificates for the Adjusted Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each certificate issued or cancelled, whichever is higher. Certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for Adjusted Shares at any time at the expense of the Shareholders.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has agreed to procure an arrangement with an

agent to stand in the market to provide matching services for the odd lots of Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangement and the new share certificates will be set out in the circular of the Company to be despatched to the Shareholders.

#### **E. Reasons**

Based on the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day, the value per board lot of 10,000 Shares and 10,000 Adjusted Shares would be HK\$830 and HK\$4,150 respectively. After the Share Consolidation, the transaction costs per dollar value of each Adjusted Share will be significantly lower. The Directors therefore consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Since 10 June 2008, the Shares have been trading at prices below their nominal value of HK\$0.10 each. As mentioned above, the closing price of the Shares on the Stock Exchange on the Last Trading Day was HK\$0.083 per Share. Under the Companies Ordinance, it is not permissible for a company to issue shares at a discount to the nominal value of its share unless, amongst other things, it is authorized by the Shareholders and sanctioned by the court. This would involve considerable expense and time to go through the procedures for each capital raising exercise. With a view to facilitating any capital raising exercise when circumstances arise in the future, the Board proposes the Capital Reorganisation, which has the effect of consolidating 5 Shares of HK\$0.10 each to an Adjusted Share of HK\$0.10 each by way of the Capital Reorganisation. Therefore, the Directors consider that the Capital Reorganisation to be in the interests of the Company and the Shareholders.

#### **(2) PROPOSED RIGHTS ISSUE**

The Board also proposes to implement the Rights Issue upon the following terms:

##### **A. Issue statistics**

Basis of the Rights Issue	:	Five Rights Shares for every two Adjusted Shares held on the Record Date
Number of the Shares in issue as at the date of this announcement	:	3,499,442,596 Shares

Number of the Adjusted Shares in issue upon the Capital Reorganisation becoming effective (assuming no further issue of Shares from the date of this announcement to the Record Date)	:	699,888,519 Adjusted Shares
Number of the Shares/Adjusted Shares which may be issued upon full exercise of the subscription rights attaching to the Warrants ( <i>Note 1</i> )	:	Up to 300,000,000 Shares (before the Capital Reorganisation) or up to 60,000,000 Adjusted Shares (after the Capital Reorganisation)
Number of the Shares/Adjusted Shares which may be issued upon full exercise of the subscription rights attaching to the Convertible Notes, if issued ( <i>Note 2</i> )	:	Up to 787,150,303 Shares (before the Capital Reorganisation) or up to 157,430,060 Adjusted Shares (after the Capital Reorganisation)
Number of Rights Shares ( <i>Notes 1 and 2</i> )	:	Not less than 1,749,721,295 Rights Shares (assuming no further issue of Shares from the date of this announcement to the Record Date) and not more than 2,293,296,445 Rights Shares (assuming exercise in full of the subscription rights attached to the Warrants and exercise in full of the conversion rights under the Convertible Notes)
Subscription Price	:	HK\$0.15 per Rights Share

*Notes:*

- 1 The number of the Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be issued and allotted on or before the Record Date for the Shares which may be issued and allotted to the Warrantholders. As at the date of this announcement, 300,000,000 Warrants are outstanding. In the event of the exercise in full of the subscription rights attached to the Warrants on or before the Record Date, 300,000,000 Shares (before the Capital Reorganisation) or 60,000,000 Adjusted Shares (after the Capital Reorganisation) will be issued which will result in the issue of additional 150,000,000 Rights Shares.
- 2 The number of the Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be issued and allotted on or before the Record Date for the Shares which may be issued and allotted to the holders of the Convertible Notes. As at the date of this announcement, the Convertible Notes have not yet been issued. Subject to the satisfaction of certain conditions, the Convertible Notes will be issued to Senstar Limited and Power Global Limited (both wholly-owned subsidiaries of Heritage International Holdings Limited) or their respective nominees by the Company. In the event of the exercise in full of the conversion rights attached to the Convertible Notes at the initial conversion price of HK\$0.11 on or before the Record Date, 787,150,303 Shares (before the Capital Reorganisation) or 157,430,060 Adjusted Shares (after the Capital Reorganisation) will be issued which will result in the issue of additional 393,575,150 Rights Shares.

Each of Senstar Limited, Power Global Limited (both wholly-owned subsidiaries of Heritage International Holdings Limited) and Heritage International Holdings Limited has given an irrevocable undertaking to the Company subject to (a) the issuance of the Convertible Notes to Senstar Limited and Power Global Limited or their respective nominees or other subsidiary(ies) of Heritage International Holdings Limited, and (b) the exercise of the conversion rights under the Convertible Notes by holder(s) of the Convertible Notes (the “Exercising Noteholder(s)”) on or prior to the Record Date to use its best endeavours to and in the case of, Heritage International Holdings Limited procure the Exercising Noteholder(s) (i) to subscribe the Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares then held by the Exercising Noteholder(s) pursuant to the terms of the Rights Issue; (ii) not to dispose of the Shares held by the Exercising Noteholder(s) from the relevant conversion date of the Convertible Notes to the close of business on the Record Date; and (iii) to lodge acceptances in respect of the aforesaid Rights Shares with the registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier’s order or such other form as the Company may approve), by no later than 4:00 p.m. on the latest date for acceptance of the Rights Shares as specified by the Company or such later date as the Company may agree.

As at the date of this announcement, (i) the Company has authority to grant options to subscribe for 349,944,259 Shares under the existing Scheme Mandate Limit but no options are outstanding under the Share Option Scheme; and (ii) the Directors have authority to issue up to 699,888,519 Shares under the Issue Mandate.



Save for the Warrants and the Convertible Notes, there are no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

## **B. Conditions of the Rights Issue**

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

- a) the passing at an extraordinary general meeting of the Company of the relevant resolutions to approve the Capital Reorganisation and the Rights Issue in accordance with the Listing Rules;
- b) the Capital Reorganisation becoming effective;
- c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) and not having withdrawn or revoked such listings and permission;
- d) the delivery to the Stock Exchange and registration by Registrar of Companies in Hong Kong of the Prospectus Documents and all other documents required by law to be filed or delivered for registration; and
- e) the compliance by the Company with all of its obligations under the Underwriting Agreement and the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not having been terminated in accordance with its terms.

In the event that the conditions of the Rights Issue are not fulfilled on or before the various dates set out in the Underwriting Agreement (or such later dates as the Company and the Underwriter may agree), neither the Underwriters nor the Company shall have any right or be subject to any obligation arising from the Underwriting Agreement (save in relation to certain fees and expenses referred to therein) and the Rights Issue will not proceed accordingly.

## **C. Qualifying Shareholders**

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Overseas Shareholders.



In order to qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the register of members of the Company on the Record Date, and must not be an Excluded Overseas Shareholder.

In order to be registered as a member of the Company on the Record Date, the transfer of Shares with the relevant share certificates must be delivered by the transferee to the Company's share registrar for registration by no later than 4:30 p.m. on 29 July 2008.

The Company's share registrar is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares as referred to hereinbelow will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Company's share registrar for completion of the relevant registration by the time and the date to be announced by the Company.

#### **D. Excluded Overseas Shareholders**

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As explained below, the Overseas Shareholders may not be eligible to take part in the Rights Issue. If, after making enquiries as to whether the issue of the Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of their places of residence and/or the requirements of the relevant regulatory body or stock exchange, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such

Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Overseas Shareholders.

Further information in this connection will be set out in the Prospectus containing, among other things, details of the Rights Issue to be despatched to the Shareholders as soon as practicable. Further information in respect of the Excluded Overseas Shareholders will also be set out in the circular and the Prospectus Documents of the Company.

As stated above, the Company will only send the Prospectus to the Excluded Overseas Shareholders for their information.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Overseas Shareholders to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Excluded Overseas Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Overseas Shareholders will be available for excess application.

#### **E. Subscription Price**

HK\$0.15 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of the Rights Shares or applies for any excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 63.86% to the closing price of HK\$0.415 per Adjusted Share, based on the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 33.63% to the theoretical ex-rights price of approximately HK\$0.226 per Adjusted Share, based on the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and

(iii) a discount of approximately 64.71% to the average closing price of approximately HK\$0.425 per Adjusted Share, based on the average closing price of HK\$0.085 per Share as quoted on the Stock Exchange from 11 June 2008 to 17 June 2008, both days inclusive, being the last five trading days immediately before the date of the Underwriting Agreement and adjusted for the effect of the Capital Reorganisation.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters. The Board considers the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole on the basis that it is a general market practice to issue rights shares at a discount to the market price of the corresponding shares. The Board also considers that the discount will encourage the existing Shareholders to take up their entitlements, so as to share the potential growth of the Company.

#### **F. Status of Rights Shares**

The Rights Shares, when fully paid and issued, will rank *pari passu* in all respects with the Adjusted Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

#### **G. Share certificates and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted on or before 27 August 2008 to those who have accepted or, where applicable, applied, and paid for the Rights Shares, by ordinary post at their own risk, and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before 27 August 2008 by ordinary post to the applicants at their own risk.

#### **H. Fractions of Rights Shares**

The Company will not allot fractions of Rights Shares in nil-paid form to the Shareholders. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be obtained, the Company will keep the proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

#### **I. Application for excess Rights Shares**

The Qualifying Shareholders may apply for any unsold entitlements of the Excluded Overseas Shareholders, any unsold Rights Shares created by aggregating fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted.

Application may be made by completing a prescribed form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Board will allocate the excess Rights Shares at its discretion with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available on a fair and reasonable basis on the following principles:

1. preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings; and
2. subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the excess Rights Shares applied by them, with board lots allocation to be made on best effort's basis.

**J. Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

The Rights Shares in their nil-paid form will be traded in board lots of 10,000 Rights Shares each. Dealings in the Rights Shares, in both their nil-paid and fully-paid forms, will be subject to the payment of stamp duty.

**K. Closure of register of members**

The register of members of the Company will be closed from 30 July 2008 to 4 August 2008, both dates inclusive in order to determine the eligibility of the holders of the Adjusted Shares to the Rights Issue. No transfer of Shares will be registered during this period.

**L. Underwriting arrangements for the Rights Issue**

Pursuant to the Underwriting Agreement, the Underwriters have agreed to fully underwrite not less than 1,749,721,295 Rights Shares and not more than 1,899,721,295 Rights Shares (being the maximum number of 2,293,296,445 Rights Shares less the 393,575,150 Rights Shares that Heritage International Holdings Limited, Senstar Limited and Power Global Limited have undertaken to subscribe or procure the Exercising Noteholders to subscribe for). To the best of Directors' knowledge, information and belief, having made all reasonable enquiry, the Underwriters and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing

Rules). The Underwriters will receive an underwriting commission of 2.5% on the total amount equal to the Subscription Price multiplied by the total number of the Rights Shares to be underwritten by the Underwriters under the Underwriting Agreement.

The Underwriting Agreement is conditional upon fulfillment of, among other things the following conditions:

- (a) the passing at an extraordinary general meeting of the Company of the relevant resolutions to approve the Capital Reorganisation and the Rights Issue in accordance with the Listing Rules;
- (b) the delivery to the Stock Exchange and registration by Registrar of Companies in Hong Kong of the Prospectus Documents and all other documents required by law to be filed or delivered for registration;
- (c) the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) and not having withdrawn or revoked such listings and permission; and
- (e) the Capital Reorganisation becoming effective.

In the event that the conditions under the Underwriting Agreement have not been satisfied and/or waived (other than conditions (a), (b) and (d) set out above) in whole or in part by the Underwriters by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date as the Underwriters and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriters in connection with the underwriting of the underwritten Rights Shares by the Underwriters shall to the extent agreed by the Company be borne by the Company.

The Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:-

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriters, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (b) the Underwriters shall receive notification pursuant to the relevant clauses of the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the relevant clauses of the Underwriting Agreement, and the Underwriters shall, in their reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

(c) the Company shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or come to the Underwriters' attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriters may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriters shall be entitled (but not bound) by notice in writing issued by Get Nice (on behalf of the Underwriters)) to the Company to elect to treat such matter or event as releasing and discharging the Underwriters from their obligations under the Underwriting Agreement.

**M. Warning of the risks of dealing in the Shares and nil-paid Rights Shares**

**The Rights Issue is conditional upon, amongst other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms referred to under the section headed "Underwriting Arrangements for the Rights Issue" above. If the Underwriting Agreement does not become unconditional or is terminated before 4:00 pm on the Settlement Date, the Rights Issue will not proceed.**

**The Shareholders should note that Shares will be dealt in on an ex-entitlement basis commencing from 28 July 2008 and that dealings in the Shares and Rights Shares in nil-paid form will take place while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares and Rights Shares in nil-paid form up to the date on which all conditions to which the Rights Issue is subject remain unfulfilled will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. If, any Shareholder or other person who is contemplating selling or purchasing the Shares and the Rights Shares in nil-paid form is in any doubt about his position, he is recommended to consult his own professional adviser.**



## N. Expected timetable

The expected timetable for the Capital Reorganisation and the Rights Issue is as below.

Expected date of despatch of EGM circular .....	Friday, 11 July 2008
Last day of dealings in Shares on a cum-rights basis .....	Friday, 25 July 2008
First day of dealings in Shares on an ex-rights basis .....	Monday, 28 July 2008
Latest time for lodging transfers of Shares in order to qualify for Rights Issue .....	4:30 p.m., Tuesday, 29 July 2008
Register of members to be closed .....	Wednesday, 30 July to Monday, 4 August 2008 (both dates inclusive)
Latest time for return of proxy form for the EGM (not less than 48 hours) .....	9:00 a.m., Saturday, 2 August 2008
Date of EGM .....	9:00 a.m., Monday, 4 August 2008
Record date .....	Monday, 4 August 2008
Effective date of the Capital Reorganisation .....	(after close of business) Monday, 4 August 2008
Register of members to be re-opened .....	Tuesday, 5 August 2008
Prospectus Documents to be posted .....	Tuesday, 5 August 2008
Commencement of dealings in Adjusted Shares .....	Tuesday, 5 August 2008
Original counter for trading in Shares (in board lots of 10,000 Shares) to be closed .....	9:30 a.m., Tuesday, 5 August 2008

Temporary counter for trading in Adjusted Shares in board lots of 2,000 Adjusted Shares (in form of existing share certificates in purple colour) to be opened .....9:30 a.m., Tuesday, 5 August 2008

Free exchange of existing share certificates for new share certificates for the Adjusted Shares commences ..... Tuesday, 5 August 2008

First day of dealings in nil-paid Rights Shares ..... Thursday, 7 August 2008

Latest time for splitting of nil-paid Rights Shares ..... 4:30 p.m., Tuesday, 12 August 2008

Last day of dealings in nil-paid Rights Shares ..... Friday, 15 August 2008

Original counter for trading in Adjusted Shares (in board lots of 10,000 Adjusted Shares) to be re-opened .....9:30 a.m., Tuesday, 19 August 2008

Parallel trading in Adjusted Shares (in form of new certificate in green colour and existing certificate in purple colour) begins ..... 9:30 a.m., Tuesday, 19 August 2008

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares .....9:30 a.m., Tuesday, 19 August 2008

Latest time for payment for and acceptance of Rights Shares .....4:00 p.m., Wednesday, 20 August 2008

Rights Issue expected to become unconditional .....after 4:00 p.m., Friday, 22 August 2008

Announcement of results of acceptance and excess application of the Rights Issue .....Tuesday, 26 August 2008

Despatch of refund cheques for wholly and partially unsuccessful excess applications .....Wednesday, 27 August 2008

Despatch of certificates for fully-paid Rights Shares .....Wednesday, 27 August 2008

First day of dealings in the fully-paid Rights Shares .....Friday, 29 August 2008

Temporary counter for trading in Adjusted Shares in board lots of 2,000 Adjusted Shares in form of existing share certificates in purple colour) to be closed .....4:10 p.m., Monday, 8 September 2008

Parallel trading in Adjusted Shares (in form of new certificate in green colour and existing certificate in purple colour) ends .....4:10 p.m., Monday, 8 September 2008

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares .....4:10 p.m., Monday, 8 September 2008

Free exchange of existing share certificates for new share certificates in green colour ends ..... 4:30 p.m., Tuesday, 16 September 2008

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the above expected timetable are indicative only. Any changes to the expected timetable will be published or notified to Shareholders appropriately.

## O. Adjustment

The Right Issue is expected to give rise to adjustments to the terms of the Warrants and the Convertible Notes (if issued). The Company will inform holders of such instruments the details of the adjustments, if any, according to the terms of the instruments.

**P. Reasons for Rights Issue and use of proceeds of Rights Issue**

The Group is principally engaged in the business of property investment, investment in securities trading, money lending and acquiring, exploring and developing natural resources.

The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The estimated net proceeds of the Rights Issue will be approximately HK\$253 million (assuming no further Shares are issued on or prior to the Record Date) or HK\$334 million (assuming the subscription rights attached to the Warrants and conversion rights under the Convertible Notes are exercised in full on or before the Record Date) taking into account the commission to be paid to the Underwriters, professional fees and administration expenses relating to the completion of the Rights Issue. The Company intends to apply such net proceeds as (i) approximately HK\$48 million for the settlement of the balance of the payment for the acquisition of the properties which will be completed in September 2008; and (ii) the balance of approximately HK\$205 million or HK\$286 million for the general working capital of the Group and any future potential investments in the business of property investment, investment in securities trading, money lending and acquiring, exploring and developing natural resources. As at the date of this announcement, the Company has not identified any investment opportunities.

Given the volatility in the recent Hong Kong stock market, the Directors consider that the capability of the Company to raise additional equity funding in the second half of 2008 is very uncertain. Regarding the debt market, the borrowing costs will be substantial. The Directors believe that Rights Issue can minimize these uncertainties and enhance the Company's flexibility to make further investments as and when opportunities arise. Accordingly, despite that the proceeds amounted to approximately HK\$112 million from the previous rights issue announced in November 2007 and the placing announced in February 2008 are not yet utilized, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

### (3) EFFECTS ON SHAREHOLDING

Set out below is the shareholding structure of the Company assuming that (i) there is no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Rights Issue save pursuant to the exercise of the subscription rights attached to the Warrants, the exercise of the conversion rights under the Convertible Notes and the transactions contemplated under the Underwriting Agreement; and (ii) no Rights Shares are taken up by the Qualifying Shareholders (other than the Rights Shares which Heritage International Holdings Limited, Senstar Limited and Power Global Limited have undertaken to subscribe or to procure the noteholders to subscribe for) and the Underwriters take up the Rights Shares to the maximum extent:

#### Scenario 1:

Assuming there is no conversion of the Warrants and Convertible Notes on or before the Record Date

	As at the date of this announcement		Immediately after the Capital Reorganisation but before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	No. of Shares	Approximate %	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %
Radford Capital Investment Limited and its associates(s) ( <i>Note 4</i> )	346,416,800	9.90	69,283,360	9.90	69,283,360	2.83
Underwriters ( <i>Note 3</i> )						
- Get Nice	—	—	—	—	1,027,081,295	41.93
- Orient	—	—	—	—	722,640,000	29.50
Public ( <i>Note 4</i> )	<u>3,153,025,796</u>	<u>90.10</u>	<u>630,605,159</u>	<u>90.10</u>	<u>630,605,159</u>	<u>25.74</u>
Total	<u>3,499,442,596</u>	<u>100.00</u>	<u>699,888,519</u>	<u>100.00</u>	<u>2,449,609,814</u>	<u>100.00</u>

## Scenario 2:

Assuming exercise in full of the subscription rights attached to the Warrants and exercise in full of the conversion rights under the Convertible Notes on or before the Record Date

	As at the date of this announcement		Immediately after the Capital Reorganisation but before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	No. of Shares	Approximate %	No. of Adjusted Shares	Approximate %	No. of Adjusted Shares	Approximate %
Radford Capital Investment Limited and its associates(s) (Note 4)	346,416,800	9.90	69,283,360	7.55	69,283,360	2.16
Warranholders (Note 1)	—	—	60,000,000	6.54	60,000,000	1.87
Heritage International Holdings Limited or its associate(s) (Note 2)	—	—	157,430,060	17.16	551,005,210	17.16
Underwriters (Note 3)						
- Get Nice	—	—	—	—	1,115,141,295	34.73
- Orient	—	—	—	—	784,580,000	24.44
Public (Note 4)	<u>3,153,025,796</u>	<u>90.10</u>	<u>630,605,159</u>	<u>68.75</u>	<u>630,605,159</u>	<u>19.64</u>
Total	<u>3,499,442,596</u>	<u>100.00</u>	<u>917,318,579</u>	<u>100.00</u>	<u>3,210,615,024</u>	<u>100.00</u>

### Notes

1. Refer to Note 1 to the section headed “Issue statistics” of this announcement.
2. Refer to Note 2 to the section headed “Issue statistics” of this announcement.
3. Rights Shares to be underwritten by the Underwriters under the Underwriting Agreement are to be underwritten as to 58.7% by Get Nice and as to 41.3% by Orient respectively.

The Underwriters have entered into sub-underwriting agreements with the sub-underwriters to sub-underwrite their underwriting obligations under the Rights Issue to sub-underwriters such that (i) at least one of the sub-underwriters will not individually own more than 10% of the issued share capital of the Company after completion of the Rights Issue; and (ii) each of the Underwriters and their sub-underwriters together with their respective parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) will not own 30% or more of the issued share capital of the Company after completion of the Rights Issue. As at the date of this announcement, each of the Underwriters and the sub-underwriters and their respective ultimate beneficial owners do not have any shareholding in the Company and are not connected persons (as defined in the Listing Rules) of the Company.

Each of the Underwriters (i) shall use all reasonable endeavours to provide that each of the subscribers or purchasers of Rights Shares procured by it under the Underwriting Agreement shall be third party independent of, not acting in concert with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); (ii) shall take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company; and (iii) shall not, together with party(ies) acting in concert with each of them, hold 30% or more of the voting rights of the Company upon completion of the Rights Issue.

4. Radford Capital Investment Limited is a public Shareholder.

#### (4) FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Date of mandates granted	Nature of transaction	Places/ subscriber/ allottee (approximately)	Net proceeds raised (approximately)	Number of Shares issued	Approximate % of the total issued share capital of the Company as at the date of the respective announcement	Intended use of proceeds	Use of proceeds according to the intended use	Use of proceeds other than the intended use
5 July 2007	4 July 2007	Placing of 2,335,000,000 new Shares	Independent third parties	HK\$252 million	2,335,000,000	15.4%	To be used for general working capital and/or possible investment in the future	HK\$179 million — general working capital HK\$73 million - other investments in artworks	Nil
3 August 2007	N/A	Placing of 3,000,000,000 Warrants at an issue price of HK\$0.025	Independent third parties	HK\$71 million	N/A	N/A	To be used for general working capital and/or other investments in the future	HK\$71 million — general working capital	Nil
15 November 2007	N/A	Rights issue of 1,517,931,298 rights shares at the subscription price of HK\$0.22	Then existing Shareholders	HK\$323 million	1,517,931,298	100%	To be used for general working capital and/or other investments in the future	HK\$240 million — general working capital HK\$21 million - other investments in artworks HK\$62 million — not yet utilized as at the date hereof and to be utilized as per the intended use of proceeds	Nil
15 February 2008	10 September 2007	Placing of 303,580,000 new Shares	Independent third parties	HK\$50 million	303,580,000	10.00%	To be used for general working capital and any future potential investments	HK\$50 million — not yet utilized as at the date hereof and to be utilized as per the intended use of proceeds	Nil

The funds raised above that have not yet utilized as at the date of this announcement are maintained in certain banks and financial institutions to generate interest income.

#### (5) GENERAL

The Company will form an Independent Board Committee comprising the independent non-executive Directors and appoint an independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the Rights Issue.

Pursuant to rule 7.19(8) of the Listing Rules, any parties who were controlling Shareholders of the Company; or, where there were no such controlling



Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company at the time the decision or arrangement involving the Rights Issue was made or approved by the Board and their associates, may be required to abstain from voting in favour of the resolution proposed for the approval of the Rights Issue. To the best of the knowledge of the Directors, having made all reasonable enquiry and based on the register kept under section 352 of the SFO as the date of this announcement, there are no controlling Shareholders and none of the Directors, the Underwriter and their respective associates are interested in the share capital of the Company. Accordingly, no Shareholder is required to abstain from voting in favour of the Rights Issue.

A circular containing, among others, details regarding (i) the proposed Capital Reorganisation; (ii) the Rights Issue; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, will be despatched to the Shareholders as soon as possible.

Upon the approval of the Rights Issue by the Shareholders at the EGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

## **(6) RESUMPTION OF TRADING**

Trading in the Shares and the Warrants was suspended with effect from 9:30 a.m. on 19 June 2008 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 20 June 2008.

## **(7) DEFINITIONS**

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“Acceptance Date”                      20 August 2008 (or such other date as the Underwriters may agree in writing with the Company) as the latest date for acceptance of, and payment for, Rights Shares)

“Adjusted Share(s)”	new ordinary shares of HK\$0.10 each in the capital of the Company to be created upon the Capital Reorganisation becoming effective
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the capital of the Company including the cancellation of the paid up capital to the extent of HK\$0.08 of each Share in issue from HK\$0.10 to HK\$0.02 and the reduction of the nominal value of all the issued and unissued Shares
“Capital Reorganisation”	the Capital Reduction and the Share Consolidation
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Willie International Holdings Limited 威利國際控股有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Convertible Note(s)”	the convertible notes with an aggregate principal amount of approximately HK\$86,586,533 proposed to be issued by the Company in satisfaction of the consideration of the acquisitions as set out in the announcement and the circular of the Company dated 21 May 2008 and 6 June 2008 respectively
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Capital Reorganisation and the Rights Issue
“Excluded Overseas Shareholders”	the Overseas Shareholders whom the Directors, consider it necessary or expedient to exclude such Shareholders, on account either of legal restrictions under the laws of the relevant place of residence or the requirements of the relevant regulatory body or stock exchange in that place

“Get Nice”	Get Nice Securities Limited, a corporation deemed licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	a committee of independent non-executive Directors to be formed for the purpose of advising the Independent Shareholders in relation to the Rights Issue
“Independent Shareholders”	Shareholders other than the controlling Shareholders and their associates or, where there are no controlling Shareholders, executive Directors and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate granted to the Directors to permit the allot, issue and deal with the Shares of the Company up to a maximum of 20% of the aggregate amount of the share capital of the Company in issue as at the date of the shareholders’ meeting held on 30 May 2008
“Last Trading Day”	18 June 2008, being the last trading day before the suspension of the trading of Shares and Warrants on the Stock Exchange, pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Orient”	Orient Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Overseas Shareholders”	the Shareholders whose registered addresses as shown in register of members of the Company on the Record Date are situate outside Hong Kong

“Prospectus Documents“	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholders”	Shareholders, other than the Excluded Overseas Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	4 August 2008 being the date by reference to which entitlements to the Rights Issue are expected to be determined
“Reduced Share(s)”	shares of HK\$0.02 each in the capital of the Company immediately after the Capital Reduction
“Rights Issue”	the issue by way of rights of not less than 1,749,721,295 Rights Shares and not more than 2,293,296,445 Rights Shares in the proportion of five Rights Shares for every two Adjusted Shares held on the Record Date at the Subscription Price payable in full on acceptance
“Rights Share(s)”	new Adjusted Share(s) of HK\$0.10 each to be allotted and issued under the Rights Issue
“Scheme Mandate Limit”	the maximum number of shares which may be issued upon exercise of all of the options granted and to be granted under the Share Option Scheme and any other scheme(s) of the Company as approved by the Shareholders at the shareholders’ meeting held on 30 May 2008
“Settlement Date”	second business day following the Acceptance Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every five Reduced Shares into one Adjusted Share
“Share Option Scheme”	the share option scheme of the Company adopted on 20 November 2002

“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the capital of the Company before the Capital Reorganisation becoming effective
“Shareholder(s)”	registered holder(s) of the Share(s), Reduced Shares(s) or Adjusted Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Rights Share
“Underwriters”	Get Nice and Orient
“Underwriting Agreement”	the underwriting agreement dated 18 June 2008 entered into between the Company and the Underwriters in relation to the Rights Issue
“Warrantholder(s)”	holder(s) of the Warrants
“Warrants”	the warrants listed on the Stock Exchange conferring rights on the holders to subscribe for the Shares of the Company at the subscription price of HK\$0.67 per Share
“%”	per cent.

By order of the Board  
**Willie International Holdings Limited**  
**King Phillip**  
*Managing Director*

Hong Kong, 19 June 2008

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin and four independent non-executive Directors, namely, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*