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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)

**MAJOR TRANSACTION
INVOLVING
ISSUE OF CONSIDERATION SHARES
AND
RESUMPTION OF TRADING**

On 8th September, 2008, the Company and the Purchaser entered into the Agreement with Mascotte and the Vendor pursuant to which, amongst other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing the entire issued share capital of Target Company and the Shareholders Loan at an aggregate consideration of HK\$112 million. Target Company holds the Property.

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to, inter alia, approval by shareholders at the EGM.

A circular containing, among others things, further information on the Acquisition, a valuation report and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares and the warrants of the Company on the Stock Exchange was suspended from 9:30 a.m. on Tuesday, 9th September, 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares and the warrants of the Company with effect from 9:30 a.m. on Wednesday, 10th September, 2008.

THE AGREEMENT

8th September, 2008

Parties

- (1) Mascotte
- (2) the Vendor
- (3) the Company
- (4) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mascotte and the Vendor are third parties independent of the Company and Connected Persons of the Company.

The Purchaser is a wholly-owned subsidiary of the Company and an investment holding company set up for the sole purpose of acquiring the Target Company.

Assets to be acquired

The Sale Shares, representing the entire issued share capital of the Target Company, and the Shareholders Loan. Target Company holds the Property.

Consideration

The Consideration of HK\$112 million in aggregate, is to be satisfied by the issue of 800,000,000 Consideration Shares credited as fully paid at the Issue Price of HK\$0.140 per Share to the Vendor (or its nominees) on Completion.

The Consideration (including the Issue Price) was determined after arm's length negotiations with reference to the unaudited net assets value of the Target Company as at 31st July, 2008 in an amount of approximately HK\$76.1 million; the Shareholders Loan in an amount of approximately HK\$35 million; and the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day.

The 800,000,000 Consideration Shares represent (i) approximately 32.66% of the existing issued share capital of the Company and (ii) approximately 24.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. An EGM will be convened by the Company at which resolution(s) will be proposed to the Shareholder for the approval of the specific mandate for the issue of the Consideration Shares.

The Issue Price represents:-

- (i) a premium of approximately 6.87% to the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 2.19% to the average closing prices of HK\$0.137 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding and including the Last Trading Day.

Based on the average closing prices of the Share as quoted on the Stock Exchange for the last five trading days immediately preceding the Last Trading Day at HK\$0.14, the value of the Consideration Shares represents a sum of HK\$112 million.

The Agreement does not contain any restrictions on the sale of the Consideration Shares after Completion.

Conditions precedent to the Agreement

Completion of the Agreement is subject to the following conditions precedent:-

- (i) if required pursuant to the Listing Rules, the passing at a duly convened and held general meeting of Mascotte of resolutions by its shareholders to approve the Agreement and the transactions contemplated thereunder;
- (ii) if required pursuant to the Listing Rules, the passing at a duly convened and held general meeting of the Company of resolutions by its shareholders to approve the Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares;
- (iii) the warranties given by the Vendor and Mascotte in the Agreement remaining true and accurate in all material respects;
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the terms hereof;
- (v) all relevant consents and approvals for the Acquisition including any third parties and the Stock Exchange or other relevant regulatory bodies and government approvals having been obtained; and
- (vi) completion of a due diligence review on the Target Company and the Property to the sole satisfaction of the Purchaser in its absolute discretion.

If the conditions above have not been fulfilled (or waived (except for (i), (ii), (iv) and (v) above) by the Purchaser) on or before 5:00 p.m. on 17th November, 2008 or such other date as the Vendor and the Purchaser may agree in writing, the Agreement shall terminate save whereupon the parties shall have no further claims against each other under the Agreement save for accrued rights.

Completion

Completion is to take place on the fifth Business Day after all conditions precedent to the Agreement have been satisfied or waived (except for (i), (ii), (iv) and (v) above) by the Purchaser (or such other time and date as the parties to the Agreement may agree).

Other terms:

Mascotte and the Company have guaranteed the performance of the obligations of the Vendor and the Purchaser respectively under the Agreement.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

Mascotte is principally engaged in the (i) manufacturing and sale of accessories for photographic, electrical and multimedia products; (ii) property investment and (iii) investment in securities. The Vendor is a wholly-owned subsidiary of Mascotte and an investment holding company with various investments.

The Target Company is wholly-owned by the Vendor and an investment holding company whose principal asset is the Property.

The Property comprises the whole of a 20-storey composite building. The total gross floor area of the Property is approximately 10,000 square metres. The land use rights of the Property were granted for a term of 50 years commencing on 24th April, 2006 for office use. As at 31st July, 2008, the Property was subject to various tenancies with the latest expiry date in May 2011 generating a total monthly rent of around RMB379,000 (exclusive of management fee and other operating outgoings). As at 31st July, 2008, the occupancy rate of the Property was over 99%. An agent in the PRC has been appointed by the Target Company to manage the Property and the relevant tenancies. With reference to the valuation report issued by an independent professional valuer appointed by the Vendor, the valuation of the Property was RMB104 million as at 31st July, 2008.

Immediately upon completion of the Acquisition, Target Company will become a subsidiary of the Company and its results will be consolidated into the financial statements of the Group.

The net loss before and after taxation of the Target Company as set out in the audited financial statements for the year ended 31st March, 2008 was approximately HK\$19.9 million and approximately HK\$20.4 million respectively. For the year ended 31st March, 2007, the audited net loss before and after taxation of the Target Company was approximately HK\$3.4 million and approximately HK\$0.5 million respectively. The net assets of the Target Company as set out in its audited financial statements as at 31st March, 2008 was approximately HK\$71.4 million.

The unaudited net profit before and after taxation of the Target Company for the period from 1st April, 2008 to 31st July, 2008 was approximately HK\$1.4 million and HK\$1.2 million respectively. The unaudited net assets of the Target Company was approximately HK\$76.1 million as at 31st July, 2008.

REASONS FOR THE ACQUISITION

The Directors consider that the terms of the Acquisition are fair and reasonable and in the best interests of the Company and Shareholders as a whole due to the following reasons.

The Group is principally engaged in the business of property investment, investment in securities trading, money lending and the acquiring, exploring and developing of natural resources. As the Group has been focusing on the business of property investment, the Acquisition provides an opportunity for the Group to build up its property portfolio.

The Property is a commercial building located in the central area of Guangzhou City, Liwan District which has an established traffic network connecting with the railway station, Guangzhou Baiyun International Airport and the Guangzhou Metro. Liwan is thus situated in a strategic location for setting up businesses. The Board has considered the prospects of the real estate market in the PRC and evaluated the occupancy rate, the valuation and the locality of the Property as well as the monthly rental income derived from the Property. The Directors are of the opinion that the Acquisition would provide promising prospects for the Group as the Property is located in Guangzhou, one of the major business hubs in southern China. With the well developed traffic network and infrastructure, the rental of office space in Guangzhou City by local and overseas companies has been growing continuously.

As the consideration of the Acquisition will be wholly satisfied by the Consideration Shares, there will be no financial burden to fund the Acquisition. Taking into account that the Acquisition will diversify the property portfolio of the Group into the real estate market in the PRC and is expected to provide a stable source of rental income, the Board considers that the Acquisition to be in the interests of the Company and its shareholders as a whole.

GENERAL

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to, inter alia, the approval of Shareholders at the EGM.

A circular containing, among others things, further information on the Acquisition, a property valuation report prepared by an independent professional property valuer (appointed by the Company) in connection with the Property, and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company, (i) as at the date of this announcement and (ii) after the issue of the Consideration Shares.

	As at the date of this announcement		After issue of the Consideration Shares	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Director (<i>Note 1</i>) Radford Capital Investment Limited and its associates (<i>Note 2</i>)	230,474,400	9.41%	230,474,400	7.09%
Unity Investments Holdings Limited and its associates (<i>Note 2</i>)	203,430,144	8.30%	203,430,144	6.26%
Vendor and its associates (<i>Note 2</i>)	128,494,000	5.25%	128,494,000	3.95%
Other Public shareholders (<i>Note 2</i>)	34,529,000	1.41%	834,529,000	25.68%
	<u>1,852,682,270</u>	<u>75.63%</u>	<u>1,852,682,270</u>	<u>57.02%</u>
Total	<u>2,449,609,814</u>	<u>100.00%</u>	<u>3,249,609,814</u>	<u>100.00%</u>

Notes:

1. Mr. Chuang Yueheng, Henry, being the chairman and executive director of the Company
2. These are all “public” shareholders.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the warrants of the Company on the Stock Exchange was suspended from 9:30 a.m. on Tuesday, 9th September, 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares and the warrants of the Company with effect from 9:30 a.m. on Wednesday, 10th September, 2008.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:-

“Acquisition”	the purchase by the Purchaser of the Sale Shares and the Shareholders Loan
“Agreement”	the conditional agreement entered into on 8th September, 2008 between the Vendor, Mascotte, the Purchaser and the Company in relation to, inter alia, the Acquisition
“associate(s)”	the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“Company”	Willie International Holdings Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$112 million payable by the Purchaser to the Vendor for the Acquisition and which is to be satisfied by the issue of the Consideration Shares by the Company to the Vendor
“Consideration Shares”	means 800,000,000 new Shares at a par value of HK\$0.10 each in the Company to be issued to the Vendor (or its nominees) in satisfaction of the Consideration for the Acquisition
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person who, to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and Connected Persons of the Company
“Issue Price”	HK\$0.140 per Share, being the issue price for the Consideration Shares
“Last Trading Day”	8th September, 2008 the last trading day prior to the date of suspension of dealings in Shares pending the release of this Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mascotte”	means Mascotte Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	a 20 storey building situated at No.103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, PRC
“Purchaser”	Perfect Time Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	998 ordinary shares of HK\$1 each and 2 non voting deferred shares of HK\$1 each in the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	holders of existing Shares
“Shareholders Loan”	an unsecured interest free shareholders loan due from Target Company to the Vendor which is repayable on demand, which amounts to approximately HK\$35 million as at 31st July, 2008

“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jet Star Industries Limited, a company incorporated in Hong Kong
“Vendor”	Mascotte Group Limited, a wholly-owned subsidiary of Mascotte
“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 9th September, 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.