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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)**

### **PROPOSED CAPITAL REORGANISATION**

The Directors propose 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\$0.01 each by cancelling HK\$0.09 of the paid up capital 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 ten Reduced Shares of HK\$0.01 each into one Adjusted Share of HK\$0.10).

A circular containing, among other things, details of the Capital Reorganisation and the notice convening the EGM to approve the Capital Reorganisation will be despatched to Shareholders as soon as practicable.

### **PROPOSED CAPITAL REORGANISATION**

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

- (a) the Capital Reduction under which the authorised capital of the Company will be reduced from HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each to HK\$100,000,000 divided into 10,000,000,000 Reduced Shares of HK\$0.01 each and that such reduction be effected by cancelling HK\$0.09 of the paid up capital on each issued Share and reducing the nominal value of each issued or unissued share in the capital of the Company from HK\$0.10 per Share to HK\$0.01 per Reduced Share; and
- (b) the Share Consolidation under which every ten Reduced Shares of HK\$0.01 each will be consolidated into one Adjusted Share of HK\$0.10.

As at the date of this announcement, the authorised share capital of the Company was HK\$1,000,000,000 divided into 10,000,000,000 Shares and the issued share capital of the Company was HK\$244,960,981.40 divided into 2,449,609,814 Shares.

Assuming no further Shares will be issued between the date of this announcement and the EGM, immediately upon the Capital Reorganisation becoming effective, the authorised capital of the Company will be reduced from HK\$1,000,000,000 to HK\$100,000,000 divided into 1,000,000,000 Adjusted Shares of HK\$0.10 each and the issued share capital of the Company will be reduced from HK\$244,960,981.40 to approximately HK\$24,496,098.10 divided into 244,960,981 Adjusted Shares, giving rise to a total credit of approximately HK\$220,464,883 which will, in its entirety, be credited to the share premium account of the Company.

Assuming the Consideration Shares and the Settlement Shares will be issued and allotted between the date of this announcement and the EGM, based on 3,899,609,814 Shares in issue as enlarged by the issue and allotment of the Consideration Shares and the Settlement Shares, the issued share capital of the Company will be reduced from HK\$389,960,981.40 to approximately HK\$38,996,098.10 divided into 389,960,981 Adjusted Shares, giving rise to a total credit of approximately HK\$350,964,883 which will, in its entirety, be credited to the share premium account of the Company.

As at the date of this announcement, (i) there were outstanding Warrants entitling the holders thereof to subscribe up to an aggregate of 60,000,000 Shares; and (ii) there were outstanding Convertible Notes (subject to termination) in the aggregate principal amount of HK\$86,882,392.88 carrying the rights to convert into 291,551,654 Shares at the conversion price of HK\$0.298, subject to adjustments. Save as disclosed above, the Company has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for the Shares.

### **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 to be issued and allotted upon the Capital Reorganisation becoming effective.

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

The Capital Reorganisation does not require confirmation by the court pursuant to section 58(3) of the Companies Ordinance.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares to be issued and allotted upon the Capital Reorganisation becoming effective.

### **Effect of the Capital Reorganisation**

Implementation of the Capital Reorganisation would not, by 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.

The Capital Reorganisation is expected to give rise to adjustments to the subscription price of the Warrants and the conversion price of the Convertible Notes. The Company will inform holder(s) of such instruments the details of the adjustments, if any, according to the terms of the instruments.

### **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\$700, based on the closing price of HK\$0.070 per Share as quoted on the Stock Exchange on the date of this announcement. Upon the Capital Reorganisation becoming 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\$7,000, based on the closing price of HK\$0.070 per Share as quoted on the Stock Exchange on the date of this announcement.

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period from 5 December 2008 to 15 January 2009 (both dates inclusive), submit certificates for the Shares to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, 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 higher amount as may from time to time be specified 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 appointed Chung Nam Securities Limited to stand in the market to provide matching services for odd lots of Adjusted Shares on a best effort basis during the period from 19 December 2008 to 13 January 2009 (both dates inclusive). Holders of odd lots of the Adjusted Shares who wish to take advantage of this facility either to dispose of their odd lots of the Adjusted Shares or to top up to board lot of 10,000 Adjusted Shares may contact Mr. Cecil Chan of Chung Nam Securities Limited at telephone number (852) 3198 0838 during this period. Shareholders should note that the above matching service is on a best effort basis only and successful matching of the sale and purchase of odd lots of Adjusted Shares is not guaranteed. Shareholders who are in any doubt about such matching service are recommended to consult their own professional advisers.

### **Reasons**

Based on the closing price of HK\$0.070 per Share as quoted on the Stock Exchange on the day of this announcement, the value per board lot of 10,000 Shares and 10,000 Adjusted Shares would be HK\$700 and HK\$7,000 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 8 October 2008, Shares have been trading at prices below their nominal value of HK\$0.10 each. As mentioned above, the closing price of the Share on the Stock Exchange on the day of this announcement was HK\$0.070 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 ten Shares of HK\$0.10 each to one Adjusted Share of HK\$0.10 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.

### **Expected Timetable**

The expected timetable for the Capital Reorganisation is set out below:

Latest time for lodging the proxy form for the EGM .....	9:00 a.m. on Tuesday, 2 December 2008
Time and Date of EGM .....	9:00 a.m. on Thursday, 4 December 2008
Effective date of the Capital Reorganisation .....	After 4:30 p.m. on Thursday, 4 December 2008
Dealings in Adjusted Shares commences .....	Friday, 5 December 2008
Original counter for trading in Shares (in board lots of 10,000 Shares) closes .....	9:30 a.m. on Friday, 5 December 2008
Temporary counter for trading in Adjusted Shares in board lots of 1,000 Adjusted Shares (in form of existing share certificates in green colour) opens .....	9:30 a.m. on Friday, 5 December 2008
Free exchange of existing share certificates for new share certificates for the Adjusted Shares commences .....	Friday, 5 December 2008
Original counter for trading in Adjusted Shares (in board lots of 10,000 Adjusted Shares) re-opens .....	9:30 a.m. on Friday, 19 December 2008

Parallel trading in Adjusted Shares (in form of  
new certificate in red colour and existing certificate  
in green colour) begins ..... 9:30 a.m. on Friday,  
19 December 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. on Friday,  
19 December 2008

Temporary counter for trading in Adjusted Shares  
in board lots of 1,000 Adjusted Shares (in form  
of existing share certificates in green colour) closes ..... 4:10 p.m. on Tuesday,  
13 January 2009

Parallel trading in Adjusted Shares (in form of  
new certificate in red colour and existing certificate  
in green colour) ends ..... 4:10 p.m. on Tuesday,  
13 January 2009

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. on Tuesday,  
13 January 2009

Free exchange of existing share certificates for  
new share certificates in red colour ends ..... Thursday, 15 January 2009

Dates stated in this announcement for events in the timetable are indicative only and  
may be extended or varied. Any changes to the expected timetable will be announced  
as and when appropriate.

## **GENERAL**

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.

A circular containing, among other things, details of the Capital Reorganisation and  
the notice convening the EGM to approve the Capital Reorganisation will be  
despatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“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\$0.09 of each Share in issue from HK\$0.10 to HK\$0.01 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
“Consideration Shares”	800,000,000 new Shares of a par value of HK\$0.10 each in the Company to be issued to Mascotte Group Limited (or its nominees) in satisfaction of the consideration for the acquisition as described in the Company’s announcement dated 9 September 2008 and the Company’s circular dated 30 September 2008
“Convertible Note(s)”	the zero coupon convertible notes due 2011 in the aggregate principal amount of HK\$86,882,392.88 issued by the Company to Dollar Group Limited that is subject to termination pursuant to the termination deed entered into between the Company and Dollar Group Limited as described in the announcement of the Company dated 17 September 2008 and the circular of the Company dated 30 September 2008
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Reduced Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company immediately after the Capital Reduction but before the Share Consolidation becoming effective
“Settlement Shares”	650,000,000 new Shares of par value of HK\$0.10 each in the Company to be issued to Dollar Group Limited pursuant to the termination deed as described in the Company’s announcement dated 17 September 2008 and the Company’s circular dated 30 September 2008
“Share Consolidation”	the proposed consolidation of every ten Reduced Shares into one Adjusted Share
“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
“Warrants”	the warrants listed on the Stock Exchange conferring rights on the holders to subscribe for the Shares at the subscription price of HK\$1.82 per Share, subject to adjustments

By order of the Board  
**Willie International Holdings Limited**  
**Chuang Yueheng, Henry**  
*Chairman*

Hong Kong, 22 October 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.*