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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)

DISCLOSEABLE TRANSACTION

**DISPOSAL OF THE ENTIRE INTEREST IN
RICHFUL ZONE INTERNATIONAL LIMITED**

The Board wishes to announce that on 12 May 2009, the Vendor, a wholly-owned subsidiary of the Company and the Purchaser entered into the Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Richful Zone at the consideration of HK\$130 million which is to be satisfied by the issue of the Convertible Bond by Mascotte to the Vendor (or its nominees).

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

THE AGREEMENT

Date:

12 May 2009

Parties:

Vendor: Popovic Investments Limited

Purchaser: Marvel Century Limited. The principal activity of the Purchaser is investment holding. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected person (as defined in the Listing Rules).

Assets to be disposed of:

Pursuant to the Agreement, on and subject to the terms of the Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Shares, which represent the entire issued capital of Richful Zone.

Consideration:

The consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares is HK\$130 million which shall be satisfied upon completion by issue of the Convertible Bond at 100% of the face value of its principal amount by Mascotte to the Vendor (or its nominees).

The consideration has been arrived at after arm's length negotiation between the parties with reference to, among other things, (i) the consolidated net asset value of the Disposal Group in an amount of approximately HK\$130,937,000 as at 5 May 2009 based on the unaudited consolidated balance sheet of Richful Zone; and (ii) the valuation of the Forest Land in an amount of RMB 300 million as at 31 December 2008 appraised by an independent qualified professional valuer appointed by the Company by using the market-based approach.

Conditions:

Completion shall be conditional upon or (where applicable) waiver of the following conditions:

- (i) the Purchaser having notified the Vendor that it is reasonably satisfied with the Purchaser's due diligence review on the financial, legal, commercial and taxation aspects of the Disposal Group and its title to assets and its interests in the Concession Rights and Interests in respect of the Forest Land;
- (ii) the receipt to the satisfaction of the Purchaser of the PRC Legal Opinion;
- (iii) the approval by the shareholders of Mascotte in general meeting of (a) the acquisition by the Purchaser of the Sale Shares and the transactions contemplated under the Agreement; and (b) the issue of the Convertible Bond and the Conversion Shares by Mascotte to the Vendor (or as the Vendor may direct), if required by the Listing Rules;
- (iv) the approval by the shareholders of the Company in general meeting of the Disposal by the Vendor of the Sale Shares and the transactions contemplated under the Agreement, if required by the Listing Rules;

- (v) if applicable, the obtaining of all consents by the Vendor from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and any of the transactions contemplated under the Agreement;
- (vi) there having been no breach by the Vendor of any obligations, undertakings, representations and warranties under the Agreement;
- (vii) there having been no breach by the Purchaser of any obligations, undertakings, representations and warranties under the Agreement;
- (viii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares; and
- (ix) (if required and applicable) the Bermuda Monetary Authority granting its permission in respect of the issue and the subsequent free transferability of the Convertible Bond and the Conversion Shares.

If the above conditions are not fulfilled or waived (as the case may be) on or before 30 June 2009 or such other date as the Purchaser and Vendor may agree in writing, the Agreement will be terminated, and all obligations of Purchaser and the Vendor under the Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist. Pursuant to the Agreement, the Purchaser may waive the above conditions (i), (ii) and (vi) and the Vendor may waive the above condition (vii).

Undertaking by the Vendor:

The Vendor undertakes that it, together with its associates, shall, at no time, hold 30% or more of the issued share capital of Mascotte or control 30% or more of the voting rights of Mascotte.

Completion:

Subject to the conditions precedent being fulfilled or waived in accordance with the Agreement, completion of the Agreement shall take place on the third Business Day after all the conditions precedent have been fulfilled or waived or such other date as the Purchaser and the Vendor may agree.

Upon completion, the Disposal Group will cease to be subsidiaries of the Company and its financial results will not be consolidated into the Group's financial statement.

INFORMATION ON THE DISPOSAL GROUP

Richful Zone is a company incorporated under the laws of the British Virgin Islands and is the legal and beneficial owner of the entire issued share capital of Allied Loyal. Other than holding the interest in Allied Loyal, Richful Zone has no other assets or business.

Allied Loyal, a direct wholly-owned subsidiary of Richful Zone, is an investment holding company incorporated in the British Virgin Islands and its principal asset is the 50% interest in the economic gains including future capital gains and future cashflow profit accrued under the Forestry Contracts in respect of the forest land use rights (林地使用權) and forest tree ownership rights (林木所有權) of the Forest Land granted by the People's Government to CCSL. The Forest Land comprises of three parcels of forestry sites in Simao District (思茅區), Puer City (普洱市), Yunnan Province (雲南省), the PRC with the total site area of approximately 36,735 Chinese Mu and the Forest Land is valued at RMB 300 million as at 31 December 2008 by an independent qualified professional valuer appointed by the Company by using the market-based approach. The Forest Land is currently managed by CCSL which is obliged to transfer 50% of the forest land use rights (林地使用權) and forest tree ownership rights (林木所有權) of the Forest Land to Allied Loyal upon the request from Allied Loyal.

Based on the unaudited consolidated management accounts of Richful Zone made up to 31 December 2008, the unaudited consolidated net liabilities of Richful Zone as at 31 December 2008 were approximately HK\$4.5 million and the unaudited consolidated net loss (both before and after taxation) of Richful Zone was approximately HK\$2.8 million for the year ended 31 December 2008. The unaudited consolidated net loss (both before and after taxation) of Richful Zone as set out in its unaudited consolidated management accounts for the period from 8 January 2007 (date of incorporation) to 31 December 2007 was approximately HK\$1.7 million.

PRINCIPAL TERMS OF THE CONVERTIBLE BOND

Pursuant to the Agreement, Mascotte shall issue Convertible Bond at 100% of the face value of its principal amount to the Vendor (or its nominees) in satisfaction of the consideration payable thereunder. The principal terms of the Convertible Bond are set out below:-

Aggregate principal amount: HK\$130,000,000

Authorized denomination for issue, transfer, conversion and redemption: HK\$1,000,000

Conversion price: The initial conversion price is HK\$0.50 per Conversion Share, subject to adjustments upon the occurrence of certain events, including but not limited to share consolidation or subdivision, capitalization of profits or reserves, capital distribution, rights issues of shares or options over shares, rights issues of other securities, issues of securities, modification of rights of conversion and other offers to shareholders.

The initial conversion price of HK\$0.50 per Conversion Share was arrived at after arm's length negotiation between the Purchaser and the Vendor and represents:-

- (i) a premium of approximately 2.04% to the closing price of HK\$0.490 per Mascotte Shares as quoted on the Stock Exchange on 12 May 2009, being the date of the Agreement;
- (ii) a discount of approximately 2.72% to the average closing price of HK\$0.514 per Mascotte Shares as quoted on the Stock Exchange from 5 May 2009 to 11 May 2009, both days inclusive, being the last five trading days of the Mascotte Shares immediately prior to the date of the Agreement; and
- (iii) a discount of approximately 78.99% to the net asset value per Mascotte Share of approximately HK\$2.38 (based on the unaudited consolidated net asset value of Mascotte of approximately HK\$680 million as at 30 September 2008 and 285,924,015 Mascotte Shares in issue as at the date of this announcement).

Interest rate: 4% per annum on the principal amount of the Convertible Bond outstanding from time to time payable on quarterly basis.

Maturity date: The third anniversary of the date of issue of the Convertible Bond.

Early Redemption: Mascotte may at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date elect to redeem the whole or in part (being an authorized denomination) at 100% of the then outstanding principal amount of the Convertible Bond.

Transferability: The Convertible Bond or any part(s) thereof may be assigned or transferred to any third party. If the Convertible Bond or any part(s) thereof shall be transferred to any company or other person which is a connected person of Mascotte, Mascotte shall promptly notify the Stock Exchange.

Conversion rights and conversion period: The holder of the Convertible Bond can convert the outstanding principal amount of the Convertible Bond in whole or in part (in the authorised denominations) into Mascotte Shares at any time from the relevant date of issue until a date falling two days before (and excluding) the relevant maturity date provided always that if the issue of such Conversion Shares will result in an insufficiency of the public float of Mascotte Shares, Mascotte will not issue such Conversion Shares and the Convertible Bond will continue until redeemed on the maturity date.

Conversion restriction: Notwithstanding the conversion right attaching to the Convertible Bond, Mascotte shall not issue any Mascotte Shares if, upon such issue, the holder of the Convertible Bond and parties acting in concert with it (within the meaning under the Takeovers Code) will beneficially hold 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of Mascotte at the relevant date of conversion of the relevant Convertible Bond.

Conversion Shares: At the initial conversion price of HK\$0.50 per Share (subject to adjustment), the total number of Conversion Shares falling to be issued by Mascotte is 260,000,000, representing (i) approximately 90.93% of the existing issued share capital of Mascotte; and (ii) approximately 47.63% of the issued share capital of Mascotte as enlarged by the issue of the Conversion Shares.

Taking into accounts the conversion restriction mentioned above and the undertaking by the Vendor, the effect of conversion of the Convertible Bond to the maximum extent on the shareholding of Mascotte is illustrated as follows:-

	As at the date of this announcement		Upon conversion of the Convertible Bond to the maximum extent	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
Vendor and its associates (<i>Note</i>)	11,171,800	3.9	117,191,030	29.9
Other shareholders	<u>274,752,215</u>	<u>96.1</u>	<u>274,752,215</u>	<u>70.1</u>
Total	<u>285,924,015</u>	<u>100.0</u>	<u>391,943,245</u>	<u>100.0</u>

Note:

This assumes conversion of the Convertible Bond to the maximum extent and the total number of Conversion Shares held by the Vendor and its associates and together with the existing shares held by its associates immediately after the issue of the Conversion Shares would be a maximum of 29.9% of the enlarged issued share capital of Mascotte.

Voting: Holder(s) of the Convertible Bond shall not be entitled to receive notices of, attend or vote at any meetings of Mascotte by reason only of it being the holders of the Convertible Bond.

Listing: No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Bond.

Ranking: The Conversion Shares will rank *pari passu* in all respects with all the Mascotte Shares in issue at the date on which the conversion rights attaching to the Convertible Bond are exercised.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the business of property investment, investment in securities trading, money lending, investment holding and acquiring, exploring and developing natural resources.

Allied Loyal was acquired by the Group in 2007 at the consideration of HK\$136 million and no income has been generated since acquisition. In view of the slowdown in economy, the Directors believe that it is unlikely for the Disposal Group to contribute positively to the profitability of the Group in short and medium term. Therefore, the Directors consider that the Group should take this opportunity to dispose of its interest in the Disposal Group for the interest income generated by the Convertible Bond. After the Disposal, the Group may focus more on its principle businesses and may allocate the resources to new business if and when the opportunity arises.

Mascotte is an investment holding company listed on the Stock Exchange with its subsidiaries principally engaged in the manufacturing and sale of accessories for photographic, electrical and multimedia products, property investment and investment in securities. The Directors consider this a valuable opportunity for the Group to acquire a substantial interest in Mascotte at a reasonable price and the Convertible Bond will give the Group an opportunity to benefit from the growth of Mascotte and its subsidiaries in the future.

The loss expected to accrue to the Group from the Disposal would be approximately HK\$937,000, subject to the audit of the financial statements of the Group for the financial year ending 31 December 2009. The loss represents the difference between the consideration of the Disposal and the carrying value of the Disposal Group of approximately HK\$130,937,000 as set out in the unaudited consolidated balance sheet of Richful Zone as at 5 May 2009.

Taking into accounts the unaudited consolidated net asset value of the Disposal Group, the value of the Forest Land, the interest rate of the Convertible Bond, the net asset value and prospect of Mascotte, the Directors consider the terms of the Disposal to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

DEFINITIONS

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

“Agreement”	the share purchase agreement dated 12 May 2009 entered into between the Vendor and Purchaser in relation to the sale and purchase of the entire issued share capital of Richful Zone
“Allied Loyal”	Allied Loyal International Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Richful Zone
“Board”	the Board of Directors
“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
“CCSL”	China Capital Strategy Limited 美信國銀資本策略有限公司, a company incorporated in Hong Kong with limited liability
“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 Stock Exchange
“Concession Rights and Interests”	the economic gains including future capital gains and future cashflow profit accrued under the Forestry Contracts in respect of the Forest Land
“Convertible Bond”	the convertible bond in the principal amount of HK\$130 million to be issued by Mascotte on completion pursuant to the Agreement
“Conversion Share(s)”	new fully-paid Mascotte Share(s) which will fall to be allotted and issued by Mascotte upon the exercise of the conversion rights attached to the Convertible Bond to be issued pursuant to the Agreement at the then effective conversion price
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares

“Disposal Group”	Richful Zone and Allied Loyal
“Forest Land”	three parcels of forest land located in (i) Forest No.92, Nan Xian He Ying Pan Mountain, Liu Shun Village, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區六順鄉南綫河營盤山) with a site area of approximately 10,182 Chinese Mu located in Tract Nos. 92, 93, 179, 182 and 187; (ii) Forest No.104, Gan Niu Zhai Mountain, Yi Xiang Town, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區倚象鎮趕牛寨大山) with a site area of approximately 16,344 Chinese Mu located in Tract Nos. 242, 243, 246 and 247; and (iii) Forest No.104, Gan Niu Zhai Mountain, Yi Xiang Town, Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區倚象鎮趕牛寨大山) with a site area of approximately 10,209 Chinese Mu located in Tract Nos. 250 and 251
“Forestry Contracts”	the contracts entered into between the People’s Government and CCSL in respect of granting of the forest land use rights (林地使用權) and forest tree ownership rights (林木所有權) of the Forest Land by the People’s Government to CCSL
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mascotte”	Mascotte Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Mascotte Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Mascotte
“People’s Government”	the People’s Government of Simao District, Puer City, Yunnan Province (雲南省普洱市思茅區人民政府), formerly known as the People’s Government of Cuiyun District, Simao City, Yunnan Province (雲南省思茅市翠雲區人民政府)
“PRC”	the People’s Republic of China

“PRC Legal Opinion”	the PRC legal opinions to be issued by a firm of reputable lawyers acceptable to the Purchaser on such issues including but not limited to the title(s) of the Forest Land, the ownership of the Concession Rights and Interests and the validity of the transactions contemplated under the Agreement as specified by the Purchaser in the agreed form
“Purchaser”	Marvel Century Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Mascotte
“Richful Zone”	Richful Zone International Limited, a company incorporated in the British Virgin Islands with limited liability and the sole legal and beneficial owner of Allied Loyal
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Shares”	17,478,973 ordinary shares of US\$1.00 each in the share capital of Richful Zone, representing the entire issued share capital of Richful Zone
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Codes”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Popovic Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 13 May 2009

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. Wen Louis and Mr. Yau Yan Ming, Raymond.