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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)

CONTINUING CONNECTED TRANSACTIONS —

(A) MASTER SERVICES AGREEMENT

(B) TENANCY AGREEMENTS

AND

(C) PROVISION OF FINANCIAL ASSISTANCE TO CORDOBA GROUP

Since 25 May 2012, HEC Group has become a substantial shareholder of the Company (as defined under the Listing Rules) holding approximately 17.32% interest in the issued share capital of the Company. HEC Group is a passive investor as it does not have any representative on the Board. HEC and its subsidiaries are connected persons of the Company in accordance with Rule 14A.11 of the Listing Rules.

(A) MASTER SERVICES AGREEMENT

On 1 June 2012, the Company entered into the Master Services Agreement with HEC in relation to the Services.

As HEC Group has been providing the Services to the Group, such Services subsequent to HEC Group becoming a substantial shareholder of the Company will amount to continuing connected transactions of the Company under Chapter 14A of the Listing Rules. To comply with Rule 14A.35 of the Listing Rules, the Company and HEC have entered into the Master Services Agreement.

The applicable percentage ratios in relation to the Annual Fee Caps under the Master Services Agreement are less than 25% and the Annual Fee Caps are less than HK\$10,000,000. Pursuant to Rule 14A.34 of the Listing Rules, the Services constitute continuing connected transactions subject to the reporting, announcement and annual review requirements but are not subject to the independent shareholders' approval requirement.

(B) TENANCY AGREEMENTS

On 1 June 2012, CUIAS, a subsidiary of the Company, as tenant entered into the two Tenancy Agreements with Bestford and Wealth Champion, both as landlord, for renewal of the tenancies of the Premises commencing from July 2012. As both Bestford and Wealth Champion are subsidiaries of HEC Group, the existing as well as the renewed tenancies of the Premises constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Rental Caps on leasing the Premises fall within the threshold pursuant to Rule 14A.34 of the Listing Rules, the existing as well as the renewed tenancies of the Premises are subject to the reporting, disclosure/announcement and annual review requirements but are not subject to the independent shareholders' approval requirement.

(C) PROVISION OF FINANCIAL ASSISTANCE TO CORDOBA GROUP

As disclosed in the circular of the Company dated 9 December 2010 and the announcement of the Company dated 11 May 2012 in relation to provision of financial assistance to Cordoba Group, the Company has been providing Corporate Guarantee Facilities to Cordoba Group (the aggregate amount of which as at the date of this announcement is approximately HK\$237 million), which was approved by the Shareholders at the extraordinary general meeting of the Company held on 24 December 2010. Cordoba is a subsidiary of HEC Group. Upon HEC Group becoming a substantial shareholder of the Company, the provision of the Corporate Guarantee Facilities to Cordoba Group has become a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.41 of the Listing Rules, the provision of Corporate Guarantee Facilities is subject to the reporting, disclosure and annual review requirements but is not subject to the independent shareholders' approval requirement until any variation or renewal of its terms.

INTRODUCTION

Since 25 May 2012, HEC Group has become a substantial shareholder of the Company (as defined under the Listing Rules). As at the date of this announcement, HEC Group holds approximately 17.32% interest in the issued share capital of the Company and the Company holds approximately 14% interest in the issued share capital of HEC. HEC Group does not have any representative on the Board; therefore, the Board considers HEC Group as a passive investor. HEC and its subsidiaries are connected persons of the Company in accordance with Rule 14A.11 of the Listing Rules.

(A) MASTER SERVICES AGREEMENT

Date of agreement: 1 June 2012

Parties: (1) the Company (for itself and on behalf of its subsidiaries)

(2) HEC (for itself and on behalf of its subsidiaries)

Under the Master Services Agreement, the Group and HEC Group acknowledge that HEC Group may from time to time provide the Services comprising of the provision of securities brokerage, stock market information services, corporate finance advisory services and other related services to the Group.

General terms of the Services:

The Services shall be conducted on normal commercial terms or terms no less favourable to the Group than those offered by HEC Group to independent third party clients.

The parties further acknowledge that the relevant members of the Group have entered or may enter into subsidiary agreements with members of HEC Group with respect to the Services. Each subsidiary agreement already entered or to be entered into shall be governed by the Master Services Agreement and the relevant requirements under the Listing Rules from the date of the Master Services Agreement.

Annual Fee Caps:

The parties agree that the total fees for the Services shall be subject to the following Annual Fee Caps:-

	<i>HK\$'000</i>
From 25 May 2012 to 31 December 2012	3,000
From 1 January 2013 to 31 December 2013	4,600
From 1 January 2014 to 31 December 2014	5,500

Condition precedent:

The Master Services Agreement is conditional on the compliance with all necessary requirements under the Listing Rules. If the condition is not satisfied on or before 31 July 2012 (or such later date as may be agreed between the parties), the Master Services Agreement will automatically terminate and neither party nor its subsidiaries shall have any claim against the other or its subsidiaries save in respect of any antecedent breaches.

Duration:

The Master Services Agreement shall continue until 31 December 2014, subject to satisfaction of the condition above. Upon the expiry of the Master Services Agreement, the parties may renew the Master Services Agreement, subject to compliance with the Listing Rules and all applicable laws.

Reasons for the Master Services Agreement

The Company and its subsidiaries are principally engaged in the business of property investment, investment in securities, money lending and investment holding.

So far as known to the Directors, HEC is a limited company incorporated in the Cayman Islands and an investment holding company. Its subsidiaries are principally engaged in property investment, investment in securities trading, money lending, investment holding, securities brokerage, commodity trading, fund management, investment management and corporate finance advisory service as well as proprietary trading and direct investment.

The Services are used by the Group in its ordinary and usual course of business. Given that the Services are on normal commercial terms or terms no less favourable than those offered by HEC Group to independent third party clients and the service providers within HEC Group are established and well-known licensed corporations to carry out regulated activities within the meaning of the Securities and Futures Ordinance in Hong Kong, the Directors are of the view that it is in the interests of the Group to continue using the Services provided by HEC Group and not to cease the Services merely because HEC Group has become a connected person of the Company. The Master Services Agreement will enable the Group to use the Services provided by HEC Group in the ordinary and usual course of business of the Group in compliance with the requirements of the Listing Rules, to contribute to the revenue and results of the Group, and is therefore in the interests of and beneficial to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Master Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As there is no Director having material interests in the Master Services Agreements, no Director is required to abstain from voting on the board resolution.

Determination of the Annual Fee Caps

For each of the two financial years ended 31 December 2010 and 2011, the total fees payable by the Group to HEC Group for the Services were approximately:

	For the year ended 31 December 2010 <i>HK\$'000</i>	For the year ended 31 December 2011 <i>HK\$'000</i>
Securities brokerage	2,350	1,820
Corporate finance advisory service	<u>850</u>	<u>1,380</u>
Total	<u>3,200</u>	<u>3,200</u>

The Annual Fee Caps for fees payable under the Master Services Agreement are determined by reference to actual value of the fees incurred in 2010 and 2011 and the anticipated growth of the volume of the Services under the Master Services Agreement.

Shareholders and investors should note that the Annual Fee Caps referred to above are prepared to enable the Company to comply with the requirements of Chapter 14A of the Listing Rules. No assurance is given as to whether or not, and the extent to which, the Group will be able to or generate business as contemplated or estimated for the sole purpose of establishing the Annual Fee Caps.

Implication under the Listing Rules

As HEC Group has been providing the Services through certain subsidiaries (which are licensed corporations) to the Group, the Services subsequent to HEC Group becoming a substantial shareholder of the Company will amount to continuing connected transactions of the Company under Chapter 14A of the Listing Rules. To comply with Rule 14A.35 of the Listing Rules, the Company and HEC have entered into the Master Services Agreement.

The applicable percentage ratios in relation to the Annual Fee Caps under the Master Services Agreement are less than 25% and the Annual Fee Caps are less than HK\$10,000,000. Pursuant to Rule 14A.34 of the Listing Rules, the Services constitute continuing connected transactions subject to the reporting, announcement and annual review requirements but are not subject to the independent shareholders' approval requirement under the Listing Rules.

(B) TENANCY AGREEMENTS

On 1 June 2012, CUIAS, a subsidiary of the Company, as tenant entered into the two Tenancy Agreements with Bestford and Wealth Champion, both as landlord, for renewal of the tenancies of the Premises.

Summary of Tenancy Agreements

(i) *Tenancy Agreement between CUIAS and Bestford*

Date: 1 June 2012

Landlord: Bestford, a subsidiary of HEC

Tenant: CUIAS

Premise: a residential property known as Flat B on 22nd Floor together with a portion of roof thereabove and Car Parking Space No. 22, Royalton, No. 118 Pok Fu Lam Road, Pok Fu Lam, Hong Kong with gross area of approximately 2,160 square feet (“Premise A”).

Period: One year from 15 July 2012 to 14 July 2013 (both days inclusive)

Rental: HK\$69,000 per month, equivalent to HK\$828,000 per annum, exclusive of rates and management fee.

Note: This tenancy agreement is entered into for the renewal of the existing tenancy on Premise A under an old tenancy agreement entered into between the same parties on 15 July 2011 and the terms of which are similar to this agreement except that:

- (i) the period of the tenancy is one year from 15 July 2011 to 14 July 2012 (both days inclusive); and
- (ii) the rental of the existing tenancy is HK\$75,000 per month, equivalent to HK\$900,000 per annum, exclusive of rates and management fee.

(ii) *Tenancy Agreement between CUIAS and Wealth Champion*

Date: 1 June 2012

Landlord: Wealth Champion, a subsidiary of HEC

Tenant: CUIAS

Premises: a commercial property known as Room 11, 32nd Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 3,692 square feet (“Premise B”).

Period: Two years from 1 July 2012 to 30 June 2014 (both days inclusive)

Rental: HK\$110,760 per month, equivalent to HK\$1,329,120 per annum, inclusive of rates, management fee and air-conditioning charges.

Note: This tenancy agreement is entered into for the renewal of the existing tenancy on Premise B under an old tenancy agreement entered into between the same parties on 1 July 2010 and the terms of which are similar to this agreement except that the period of the tenancy is two years from 1 July 2010 to 30 June 2012 (both days inclusive).

Annual Rental Caps

The aggregate rentals payable by CUIAS under the tenancy agreements before and after the renewal of the tenancies of the Premises during the periods set out below will be subject to the following approximate Annual Rental Caps which are determined by reference to the aggregate rentals and the fixed rental periods stated in the tenancy agreements:

	<i>HK\$'000</i>
From 25 May 2012 to 31 December 2012	1,300
From 1 January 2013 to 31 December 2013	1,800
From 1 January 2014 to 30 June 2014	700

Reasons for the Tenancy Agreements

CUIAS was the tenant of the Premises immediately prior to the execution of the Tenancy Agreements and has leased the Premises for office, administrative and accommodation for business purposes in the Group's ordinary and usual course of business. The Directors are of the view that it is in the interests of the Group to enter into the Tenancy Agreements in order to maintain a stable operation of the Group and focus its resources in its principal business. The terms of the Tenancy Agreements have been arrived at after arm's length negotiation and are on normal commercial terms. After consultation with an independent valuer, the Board considers that the rental payable under the Tenancy Agreements is within the range of market rental value of the Premises.

The Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As there is no Director having material interests in the Tenancy Agreements, no Director is required to abstain from voting on the board resolution.

Implication under the Listing Rules

As both Bestford and Wealth Champion are subsidiaries of HEC Group, the existing as well as the renewed tenancies of the Premises constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Rental Caps on leasing the Premises fall within the threshold pursuant to Rule 14A.34 of the Listing Rules, the existing as well as the renewed tenancies of the Premises are subject to the reporting, disclosure/announcement and annual review requirements but are not subject to the independent shareholders' approval requirement.

(C) PROVISION OF FINANCIAL ASSISTANCE TO CORDOBA GROUP

Provision of Corporate Guarantee Facilities

As disclosed in the circular of the Company dated 9 December 2010 and announcement of the Company dated 11 May 2012 in relation to provision of financial assistance to Cordoba Group, the Company has been providing Corporate Guarantee Facilities to Cordoba Group (the aggregate amount of which as at the date of this announcement is approximately HK\$237 million), which was approved by the Shareholders at the extraordinary general meeting of the Company held on 24 December 2010. Details of the Corporate Guarantee Facilities have been contained in the aforesaid circular and announcement.

Implication under the Listing Rules

Cordoba is a subsidiary of HEC Group and upon HEC Group becoming a substantial shareholder of the Company, the provision of the Corporate Guarantee Facilities to Cordoba Group has become a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The aggregate amount of the Corporate Guarantee Facilities of approximately HK\$237 million as at the date of this announcement under the existing arrangement serves as a cap for the provision of Corporate Guarantee Facilities when becoming a continuing connected transaction.

Pursuant to Rule 14A.41 of the Listing Rules, the provision of Corporate Guarantee Facilities is subject to the reporting, disclosure and annual review requirements but is not subject to the independent shareholders' approval requirement until any variation or renewal of its terms.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Annual Fee Caps”	the maximum aggregate annual fee value in respect of the Services pursuant to the Master Services Agreement;
“Annual Rental Caps”	the maximum aggregate rentals in respect of the Premises pursuant to the Tenancy Agreements;
“Bestford”	Bestford Properties Limited, a company incorporated in Hong Kong and a subsidiary of HEC;

“Board”	the board of Directors;
“Company”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Cordoba”	Cordoba Homes Limited, a company incorporated in the British Virgin Islands and a subsidiary of HEC;
“Cordoba Group”	Cordoba and its subsidiaries;
“Corporate Guarantee Facilities”	a total of 16 corporate guarantees provided by the Company for securing the bank loan facilities granted to Cordoba Group with an original aggregate amount of approximately HK\$360 million as approved by Shareholders at the extraordinary general meeting of the Company held on 24 December 2010;
“CUIAS”	China United International Administrative Services Limited, a company incorporated in Hong Kong and a subsidiary of the Company;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HEC”	HEC Capital Limited, a company incorporated in the Cayman Islands;
“HEC Group”	HEC and its subsidiaries including but not limited to Cordoba, Bestford and Wealth Champion;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Services Agreement”	the agreement dated 1 June 2012 between the Company (for itself and on behalf of its subsidiaries) and HEC (for itself and on behalf of its subsidiaries) in relation to the Services as described in the section headed “Master Services Agreement” in this announcement;

“Premises”	Premise A and Premise B as described in the section headed “Tenancy Agreements” in this announcement;
“Services”	the services (comprising of the provision of securities brokerage, corporate finance advisory services, stock market information services and other related services) provided by HEC Group to the Group as described in the section headed “Master Services Agreement” in this announcement;
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Shareholder(s)”	holder(s) of Shares;
“Tenancy Agreements”	the two tenancy agreements both dated 1 June 2012 respectively entered into between CUIAS as tenant and Bestford and Wealth Champion as landlord for renewal of the tenancies of the Premises as described in the section headed “Tenancy Agreements” in this announcement;
“Wealth Champion”	Wealth Champion Limited, a company incorporated in the British Virgin Islands and a subsidiary of HEC; and
“%”	percent

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

Hong Kong, 1 June 2012

As at the date of this announcement, the Board comprises:

Executive Directors:

Dr. Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. Tsui Hung Wai, Alfred
Mr. Fung Yue Tak, Derek

Independent Non-executive Directors:

Mr. Cheung Wing Ping
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond
Mr. Frank H. Miu
Mr. Gary Drew Douglas