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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)

MAJOR TRANSACTIONS

(1) DISPOSAL OF CONVERTIBLE NOTE ISSUED BY CORDOBA LEADING TO THE POSSIBLE DEEMED DISPOSAL OF CORDOBA AND

(2) PROVISION OF FINANCIAL ASSISTANCE TO CORDOBA

THE DISPOSAL OF CONVERTIBLE NOTE

The Board announces that on 15 November 2010, the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company agreed to dispose of the Convertible Note issued to it by Cordoba, a non wholly-owned subsidiary of the Company, in the principal amount of HK\$120 million to the Purchaser for a consideration of HK\$120 million in cash.

The Disposal constitutes a major transaction for the Company as the applicable percentage ratio is more than 25% but less than 75% and accordingly, shall be subject to Shareholders' approval at the EGM by the way of poll.

THE POSSIBLE DEEMED DISPOSAL OF CORDOBA RESULTING FROM THE CONVERSION OF THE CONVERTIBLE NOTE

Assuming conversion of the Convertible Note by the Purchaser, Cordoba may cease to be a non wholly-owned subsidiary of the Company and will become an associated company of the Company. Assuming full conversion of the Convertible Note at the initial conversion price of HK\$0.60 per share in the share capital of Cordoba and assuming no other change in the issued share capital and shareholding in Cordoba, the shareholding in Cordoba held by the Company will be diluted from approximately 55.27% to 49.38%. At such time, the financial results, assets, liabilities and cash flows of the Cordoba Group will no longer be consolidated into the Company's consolidated financial statements but will be treated as an associated company of the Company using the equity accounting method.

The possible deemed disposal of the shareholding in Cordoba by approximately 5.89% assuming full conversion of the Convertible Note by the Purchaser constitutes a major transaction for the Company as the applicable percentage ratios are more than 25% but less than 75% and accordingly, shall be subject to Shareholders' approval at the EGM by way of poll.

THE PROVISION OF FINANCIAL ASSISTANCE

The Company has currently advanced an interest-free Shareholder's Loan to Cordoba and has provided the Corporate Guarantees Facilities in favour of certain banks for the Cordoba Group to obtain bank loan facilities for their investment properties without charging any guarantee fees. On 15 November 2010, the Company entered into (i) the Loan Agreement with Cordoba pursuant to which the Company agreed to grant the Loan of HK\$150 million to Cordoba for the purpose of repayment of the Shareholder's Loan so that the Shareholder's Loan would be converted into the Loan and (ii) the Corporate Guarantee Facilities Letter with Cordoba pursuant to which the Company agreed to provide the Corporate Guarantee Facilities of approximately HK\$360 million committed in favour of certain banks for securing bank loan facilities to Cordoba Group, both effective from Cordoba ceasing to be a non wholly-owned subsidiary of the Company.

At present, the provision of the Shareholder's Loan and the provision of Corporate Guarantee Facilities to Cordoba are not regarded as notifiable transactions under Chapter 14.04(1)(e) of the Listing Rules. However, when Cordoba ceases to be a non wholly-owned subsidiary of the Company and becomes an associated company of the Company upon the Possible Deemed Disposal, the provision of the Financial Assistance at such time will constitute a major transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratio is more than 25%, and should be subject to Shareholders' approval by way of poll.

GENERAL

The EGM will be held by the Company for the Shareholders to consider, and if thought fit, pass the resolutions to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Possible Deemed Disposal; and (iii) the provision of the Financial Assistance.

A Circular containing, amongst others, further information on the Disposal, the Possible Deemed Disposal and the Financial Assistance, together with the notice of the EGM, will be dispatched to Shareholders on or before 6 December 2010.

THE DISPOSAL OF CONVERTIBLE NOTE

On 15 November 2010, the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company agreed to dispose of the Convertible Note issued to it by Cordoba, a non wholly-owned subsidiary of the Company, in the principal amount of HK\$120 million to the Purchaser for a consideration of HK\$120 million in cash.

The Sale and Purchase Agreement

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 15 November 2010

Parties:

(1) Vendor: the Company

(2) Purchaser: Supreme Castle Investments Limited

The Purchaser is a company incorporated in the British Virgin Islands with limited liability, and is wholly owned by Mr. Suen.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Suen, are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Assets disposed of:

The Convertible Note was issued by Cordoba to the Company on 9 October 2009 pursuant to the subscription agreement dated 6 October 2009 with a summary of the principal terms set out as follows:

Principal Amount: HK\$120 million

Maturity Date: 8 October 2011

Interest: non-interest bearing

Conversion Price: HK\$0.60 per share in the share capital of Cordoba (subject to adjustments)

Conversion Period: from the date of issue up to (and excluding) the commencement of the 7 calendar days period ending on (and including) the maturity date

Redemption: Cordoba may redeem the whole or part of the then outstanding principal amount of the Convertible Note at an amount equal to 100% of the principal amount of the Convertible Note sought to be redeemed at any time by written notice to the noteholder

Consideration:

The Purchaser shall pay the consideration of HK\$120 million in cash upon completion. The Consideration was determined based on the arm's length negotiations between the Company and the Purchaser based on a preliminary review on the business performance and prospects of Cordoba by the Purchaser. The Consideration is equal to the principal amount of the Convertible Note of HK\$120 million.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) unaudited consolidated net assets value of Cordoba as at 30 June 2010; (ii) the historical performance and future prospects of Cordoba; and (iii) Cordoba being a private company having illiquid shares.

Conditions precedent:

The respective obligations of the parties to effect completion of the sale and purchase of the Convertible Note shall be conditional upon the followings: -

- (i) a due diligence investigation on Cordoba and its assets to be carried out to the reasonable satisfaction of the Purchaser in its sole discretion;
- (ii) the approval of the Sale and Purchase Agreement and transactions contemplated thereunder by the Shareholders of the Company in a general meeting in accordance with the Listing Rules, if required;
- (iii) the approval of the possible exercise of the conversion rights attaching to the Convertible Note by the Purchaser or its nominee;
- (iv) the approval of the Loan Agreement and transactions contemplated thereunder by Shareholders of the Company in accordance with the Listing Rules, if required;
- (v) the approval of the Corporate Guarantee Facilities Letter and transactions contemplated thereunder by Shareholders of the Company in accordance with the Listing Rules, if required;
- (vi) the compliance with all the necessary requirements under the Listing Rules; and

(vii) if applicable, the obtaining of all consents by the Company from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and transactions contemplated hereunder.

If the above conditions have not been fulfilled (or waived in respect of condition (i) by the Purchaser) on or before 31 December 2010 (or such other date as the Company and the Purchaser may agree in writing), the Sale and Purchase Agreement shall thereupon terminate, the parties shall have no further claims against each other under the Sale and Purchase Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion:

Completion of the sale and purchase of the Convertible Note shall take place on the third Business Day after the date on which all of above conditions shall have been satisfied or waived (as applicable) by the Purchaser (or such other time and date as the parties hereto may agree).

USE OF PROCEEDS FROM THE DISPOSAL

The proceeds from the Disposal of HK\$120 million will be used by Group for its general working capital purpose and, where appropriate, future expansion of existing business or development of new business where suitable opportunities may arise in future.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

The Company was incorporated in Hong Kong with limited liability. The principal business activities of the Group are property investment, investment in securities trading, money lending and investment holding.

The Disposal of the Convertible Note would strengthen the financial position and liquidity of the Company by HK\$120 million in cash, which will enhance the ability of the Company to fund its potential acquisitions or expansion of its existing business.

The Board considers that the terms of the Sale and Purchase Agreement were negotiated on an arm's length basis, made on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON CORDOBA

Cordoba is incorporated in the British Virgin Islands with limited liability and principally engaged in property investment, investment in securities trading, money lending and investment holding.

The Company currently holds 926,878,606 shares in the share capital of Cordoba, representing approximately 55.27% of Cordoba's issued share capital and the remaining approximately 44.73% of Cordoba's issued share capital is held by Ristora. Upon completion of the Disposal and assuming full conversion of the Convertible Note at the initial conversion price of HK\$0.60 per share in the share capital of Cordoba and assuming no other change in the issued share capital and shareholding in Cordoba, Cordoba will be held as to approximately 49.38% by the Company, approximately 39.96% by Ristora and approximately 10.66% by the Purchaser. In this event, Cordoba will cease to be a non wholly-owned subsidiary of the Company.

The Group applied the principles of merger accounting with reference to Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants in the preparation of unaudited consolidated financial statements of Cordoba Group for the year ended 31 December 2008 and 2009 and the six months ended 30 June 2010, as if such combination had occurred from the date when the combining entities first came under common control of the Company and Cordoba had been in existence throughout the reported periods. As a result, the net assets value of Cordoba Group as set out in its unaudited consolidated management accounts as at 30 June 2010 was amounted to approximately HK\$1,241 million. Further financial information of Cordoba Group is set out as below:

	For the year ended 31 December	
	2008	2009
	(HK\$ million)	(HK\$ million)
	(unaudited)	(unaudited)
Turnover	13	43
(Loss) Profit before taxation	(87)	81
(Loss) Profit after taxation	(98)	77

FINANCIAL EFFECT OF THE DISPOSAL AND POSSIBLE DEEMED DISPOSAL OF CORDOBA

The Disposal of the Convertible Note would strengthen the financial position and liquidity of the Company by HK\$120 million, which will enhance the ability of the Company to fund its potential acquisitions or expansion its existing business.

Assuming full conversion of the Convertible Note at the initial conversion price of HK\$0.60 per share in the share capital of Cordoba and assuming no other change in the issued share capital and shareholding in Cordoba, the shareholding in Cordoba held by the Company will be diluted from approximately 55.27% to 49.38%, Cordoba will cease to be a non wholly-owned subsidiary of the Company and will become an associated company of the Company. At such time, the financial results, assets, liabilities and cash flows of the Cordoba Group will no longer be consolidated into the Company's consolidated financial statements but will be treated as an associated company of the Company using the equity accounting method. Based on the unaudited consolidated net assets value of the Cordoba Group of approximately HK\$1,241 million as at 30 June 2010, the possible deemed disposal of the shareholding in Cordoba by approximately 5.89% assuming full conversion of Convertible Note by the Purchaser would give rise to an estimated loss of approximately of HK\$23 million, representing the difference between the Group's 55.27% share of the Cordoba Group's unaudited consolidated net assets value as at 30 June 2010 before the full conversion of the Convertible Note and the Company's 49.38% share of Cordoba Group's unaudited consolidated net assets value as at 30 June 2010 as enlarged by the full conversion of the Convertible Note. However, the actual gains or losses as at the completion of the Disposal and the Possible Deemed Disposal are subject to change upon the finalisation of the consolidated financial statements of the Cordoba Group as at the date of completion and upon the final determination of the fair value of the identifiable assets and liabilities of Cordoba Group as at the date of Possible Deemed Disposal is effective or materialized.

Upon the Disposal of the Convertible Note, the Company would recognise a loss on disposal of approximately HK\$2 million.

THE PROVISION OF FINANCIAL ASSISTANCE

The Company has currently advanced an interest-free Shareholder's Loan to Cordoba and has provided Corporate Guarantee Facilities in favour of certain banks for Cordoba Group to obtain bank loan facilities for their investment properties without charging any guarantee fees.

As at the date hereof, the Company granted a total of 16 corporate guarantees for securing the bank loan facilities to the Cordoba Group to fund its acquisition of (i) 15 investment properties in Hong Kong; and (ii) a parcel of rural land in Australia. The corporate guarantee in respect of the acquisition of a parcel of rural land in Australia will expire in two years from the date hereof. Apart from this corporate guarantee, the terms of the remaining corporate guarantees will expire ranging from

around 8 years to 17 years from the date hereof. The total amount of these 16 corporate guarantees committed in favour of the banks is approximately HK\$360 million and the total amount of the outstanding loan balance under these corporate guarantees is approximately HK\$320 million as at the date of this announcement.

On 15 November 2010, the Company entered into:

- (i) the Loan Agreement with Cordoba pursuant to which the Company agreed to grant the Loan of HK\$150 million to Cordoba for the purpose of repayment of the Shareholder's Loan. The grant of the Loan is conditional upon the approval of the Loan Agreement by the Shareholders when Cordoba ceasing to be a non wholly-owned subsidiary of the Company so that the Shareholder's Loan would then be converted into the Loan. The Loan bears interest at Prime Rate per annum payable quarterly in arrears commencing from the Draw Down Date and is repayable on a day falling twelve months commencing from the Draw Down Date; and
- (ii) the Corporate Guarantee Facilities Letter with Cordoba pursuant to which the Company agreed to provide the Corporate Guarantee Facilities of approximately HK\$360 million committed in favour of certain banks for securing bank loan facilities to Cordoba Group. Cordoba agreed to pay the Company a corporate guarantee fee of 1.5% per annum payable monthly in arrears on the average daily amount of the aggregate principal of bank loans so covered under the Corporate Guarantee Facilities commencing from Cordoba ceasing to be a non wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE

The HK\$150 million Shareholder's Loan and the approximately of HK\$360 million Corporate Guarantee Facilities have been advanced and provided to Cordoba and the Cordoba Group respectively whilst the Cordoba Group was a member of the Group. It will affect the business operation and future expansion of Cordoba if such Financial Assistance ceases to be provided upon the Possible Deemed Disposal. The Company has entered into the Sales and Purchase Agreement with the Purchaser, pursuant to which the Purchaser may exercise the conversion rights of the Convertible Note at any time after the completion of the Disposal which in turn may cause the Company's shareholding in Cordoba to be diluted from approximately 55.27% to 49.38% assuming full conversion of the Convertible Note by the Purchaser and assuming no other change in the share capital and shareholding in Cordoba which causing Cordoba to cease to be a non wholly-owned subsidiary of the Company and

become an associated company of the Company. As such, the Company entered into the Loan Agreement and the Corporate Guarantee Facilities Letter with Cordoba so as to govern the Financial Assistance to Cordoba when it becomes an associated company of the Company.

The Company can, in return, receive an interest income and corporate guarantee fee from Cordoba, which will be charged at the then outstanding Shareholder's Loan at the Prime Rate per annum and the then average daily amount of the aggregate principal of bank loans at 1.5% per annum respectively. The provision of the Financial Assistance enables Cordoba and the Cordoba Group to continuously obtain the Loan from the Company and bank loan facilities from certain banks without adversely affect the financial positions and liquidity of the Cordoba Group in which the Company is still holding an approximately 49.38% shareholding in Cordoba and shares its financial results into the Company's consolidated financial statements after the full conversion of the Convertible Note by the Purchaser.

The Board considers that the provision of the Financial Assistance to Cordoba through which the Company can earn additional interest income and corporate guarantee fee from Cordoba when it becomes an associated company of the Company is on arm's length basis, made on normal or better commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

Listing Rules implications

The Disposal of the Convertible Note

The Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company agreed to dispose of the Convertible Note issued to it by Cordoba, in the principal amount of HK\$120 million to the Purchaser for the consideration of HK\$120 million in cash.

The Disposal constitutes a major transaction for the Company as the applicable percentage ratio is more than 25% but less than 75% and accordingly, shall be subject to Shareholders' approval at the EGM by the way of poll.

The Possible Deemed Disposal of Cordoba resulting from the conversion of the Convertible Note

Assuming conversion of the Convertible Note by the Purchaser, Cordoba may cease to be a non wholly-owned subsidiary of the Company and will become an associated company of the Company. Assuming full conversion of the Convertible Note by the Purchaser and assuming no other change in the issued share capital and shareholding

in Cordoba, the shareholding in Cordoba held by the Company will be diluted from approximately 55.27% to 49.38%. At such time, the financial results, assets, liabilities and cash flows of the Cordoba Group will no longer be consolidated into the Company's consolidated financial statements but will be treated as an associated company of the Company using the equity accounting method.

The possible deemed disposal of the shareholding in Cordoba by approximately 5.89% assuming full conversion of the Convertible Note by the Purchaser constitutes a major transaction for the Company as the applicable percentage ratios are more than 25% but less than 75% and accordingly, shall be subject to Shareholders' approval at the EGM by way of poll.

The Provision of Financial Assistance

The Company has currently advanced an interest-free Shareholder's Loan to Cordoba and has provided the Corporate Guarantee Facilities in favour of certain banks for the Cordoba Group to obtain bank loan facilities for their investment properties without charging any guarantee fees. On 15 November 2010, the Company entered into the Loan Agreement and the Corporate Guarantee Facilities Letter with Cordoba to govern the Financial Assistance when it becomes an associated company of the Company.

At present, the provision of the Shareholder's Loan and the Corporate Guarantee Facilities to Cordoba are not regarded as notifiable transactions under Chapter 14 of the Listing Rules. However, when Cordoba ceases to be a non wholly-owned subsidiary of the Company and becomes an associated company of the Company upon the exercise of conversion rights under the Convertible Note by the Purchaser, the provision of the Financial Assistance at such time will constitute a major transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratio is more than 25%, and should be subject to Shareholders' approval by way of poll.

EGM

The EGM will be held by the Company for the Shareholders to consider, and if thought fit, passing the resolutions to approve (i) the Sales and Purchase Agreement and the transactions contemplated thereunder; (ii) the Possible Deemed Disposal of Cordoba upon the conversion of the Convertible Note; and (iii) the Financial Assistance upon the Possible Deemed Disposal.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates (as defined under the Listing Rules) has a material interest in the Disposal, the Possible Deemed Disposal or the Financial Assistance who is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

The Circular containing, amongst other things, further information on the Disposal, the Possible Deemed Disposal and the Financial Assistance, together with the notice of the EGM, will be despatched to the Shareholders on or before 6 December 2010.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in Hong Kong
“Circular”	the circular to be dispatched by the Company in respect of the Disposal, the Possible Deemed Disposal and the Financial Assistance
“Company”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Cordoba”	Cordoba Homes Limited, a company incorporated in the British Virgin Islands and directly held as to approximately 55.27% by the Company
“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 the Cordoba Group and currently in an aggregate amount of approximately HK\$360 million committed excluding HK\$58 million to be released by December 2010
“Corporate Guarantee Facilities Letter”	a letter dated 15 November 2010 between the Company and Cordoba in relation to the Corporate Guarantee Facilities
“Consideration”	HK\$120 million in cash for the Disposal

“Convertible Note”	a redeemable convertible note in the principal amount of HK\$120 million issued by Cordoba to the Company on 9 October 2009
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Convertible Note by the Company to the Purchaser pursuant to the Sale and Purchase Agreement
“Draw Down Date”	the day on which the loan will be drawn down by Cordoba under the Loan Agreement
“EGM”	an extraordinary general meeting of the Company to be convened to consider, and if though fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Possible Deemed Disposal of Cordoba upon the conversion of the Convertible Note; and (iii) the provision of the Financial Assistance upon the Possible Deemed Disposal
“Financial Assistance”	the provision of the Loan and the Corporate Guarantee Facilities by the Company to Cordoba upon the Possible Deemed Disposal
“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
“Loan”	the loan of HK\$150 million granted by the Company to Cordoba under the Loan Agreement
“Loan Agreement”	a conditional loan agreement dated 15 November 2010 between the Company and Cordoba for the purpose of converting the Shareholder’s Loan provided to Cordoba by the Company into the Loan
“Mr. Suen”	Mr. Suen Cho Hung, Paul, who wholly owns the Purchaser

“Possible Deemed Disposal”	assuming conversion of the Convertible Note at an initial conversion price of HK\$0.60 per share in the share capital of Cordoba by the Purchaser to cause Cordoba ceasing to be a non wholly-owned subsidiary of the Company
“Prime Rate”	a prime lending rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited from time to time
“Purchaser”	Supreme Castle Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Suen
“Ristora”	Ristora Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Ms. Lo Ki Yan, Karen
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 15 November 2010 entered into between the Company and the Purchaser in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Shareholder’s Loan”	an interest-free shareholders’ loan of HK\$150 million loan advanced by the Company to Cordoba for general working capital of Cordoba
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percent

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

Hong Kong, 15 November 2010

As at the date of this announcement, the Board comprises four executive Directors, namely, Dr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin and four independent non-executive Directors, namely, Mr. Cheung Wing Ping, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.