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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 IN RELATION TO ACQUISITION OF
NEW SHARES OF CAPITAL VC**

The Board is pleased to announce that, on 9 June 2011 (after trading hours), the Company entered into the Agreement with the Placing Agent and Capital VC, pursuant to which Capital VC conditionally agreed to issue and the Company conditionally agreed to subscribe, through the Placing Agent 250,000,000 Placing Shares in the share capital of Capital VC at a Placing Price of HK\$0.30 per Placing Share and the aggregate Placing Price amounts to HK\$75 million. The Placing Shares represent approximately 42.29% of Capital VC's existing issued share capital of 591,169,847 Capital VC Shares as at the date of this announcement and approximately 29.72% of the issued share capital in Capital VC as enlarged by the Acquisition.

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

Completion of the Agreement is subject to the satisfaction of the conditions precedent in the Agreement.

As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

THE AGREEMENT

Date

9 June 2011 (after trading hours)

Parties

(1) Issuer

Capital VC Limited, which is a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2324). Capital VC and its subsidiaries are principally engaged in investment in listed and unlisted companies in Hong Kong and the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Capital VC is a third party independent of and not connected with the Company and its connected persons.

(2) Placing Agent

Chung Nam Securities Limited, which is an indirect wholly-owned subsidiary of Hennabun Capital Group Limited which is ultimately owned as to approximately 33.15% by Cordoba Homes Limited which in turn is owned as to approximately 27.30% by the Company.

To the best of the knowledge of the Directors, the remaining shareholding of Hennabun Capital Group Limited is owned by: (i) a group of companies whose shares are listed on the Stock Exchange ("Listed Companies") through their own subsidiaries or indirectly through a vehicle; (ii) a financial service provider ("Financial Service Provider"); and (iii) other shareholders ("Other Shareholders"). To the best of the knowledge of the Directors, the Listed Companies, the Financial Service Provider and the Other Shareholders are not connected persons of the Company.

(3) Subscriber

The Company.

Assets to be acquired

Upon completion of the Agreement, Capital VC will issue and allot 250,000,000 Placing Shares at a Placing Price of HK\$0.30 per Placing Share to the Company, representing approximately 42.29% of Capital VC's existing issued share capital of 591,169,847 Capital VC Shares as at the date of this announcement and approximately 29.72% of the issued share capital in Capital VC as enlarged by the Acquisition. The Acquisition will be accounted for as an investment of the Company.

Consideration and Payment

The consideration for the Placing Shares in aggregate will be HK\$75 million to be paid by the Company from its internal resources at least one Business Day before completion of the Agreement.

Placing Price

The Placing Price of HK\$0.30 per Placing Share represents (i) a discount of approximately 14.29% to the closing price of HK\$0.35 per Capital VC Share as quoted on the Stock Exchange on 9 June 2011, being the date of the Agreement; and (ii) a discount of approximately 17.13% to the average closing price of approximately HK\$0.362 per Capital VC Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 8 June 2011.

The Placing Price for the Acquisition was determined after arm's length negotiations between the Company and the Placing Agent with reference to (i) the current market price of the Capital VC Shares; (ii) the unaudited net assets value per share of Capital VC as at 30 April 2011 of approximately HK\$0.7333 and (iii) the historical performance and future prospects of Capital VC. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with Capital VC Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Agreement

The Agreement is conditional upon:-

- (i) the passing of resolution(s) by the shareholders of Capital VC at the general meeting of Capital VC to approve the specific mandate, the Agreement and the transactions contemplated hereunder including the allotment and issue of the Placing Shares;
- (ii) the passing of resolution(s) by the shareholders of the Company at the general meeting of the Company to approve the Agreement and the transactions contemplated thereunder including subscription of the Placing Shares, if necessary; and

(iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The conditions must be fulfilled not later than 30 September 2011 (or such later date as agreed by all parties), failing which the Agreement shall terminate and none of the parties to the Agreement shall have any claim against the other for any costs or losses (save for certain fees as mentioned in the Agreement and any prior breaches of the Agreement).

Termination and force majeure events

The Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Agreement, in the absolute opinion of the Placing Agent the success of the placing of the Placing Shares or the business or financial prospects of Capital VC would or might be adversely affected by:-

- (i) any material breach of any of the representations and warranties under the Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the PRC or the implementation of exchange controls which shall or might materially and adversely affect Capital VC (as a whole) or its present or prospective shareholders in their capacity as such; or

- (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

Completion of the Agreement

Completion of the Agreement shall take place not later than the second Business Day after the Agreement has become unconditional (or such later date as agreed by all parties).

INFORMATION ON CAPITAL VC

Capital VC is an investment company under Chapter 21 of the Listing Rules and makes its investments in accordance with its investment objectives and policies. Capital VC and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

Based on the audited consolidated accounts of Capital VC for the two financial years ended 30 June 2010 and 2009, the financial information of Capital VC is as follows:

	Year ended 30 June 2010 <i>(audited)</i> <i>HK\$'000</i>	Year ended 30 June 2009 <i>(audited)</i> <i>HK\$'000</i>
Profit (loss) before taxation	35,509	(2,353)
Profit (loss) after taxation	35,970	(2,353)
Net assets	317,399	261,937

Upon completion of the Agreement, the Acquisition will be accounted for as an investment of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the end of 2010, there are only 24 investment companies listed on the Main Board of the Stock Exchange, furthermore there are very few new listings of such companies on the Stock Exchange in the last few years. Thus, the Company considers that the Acquisition represents a rare opportunity to acquire a significant stake in a Hong Kong listed Chapter 21 investment company. The Company also noted that Capital VC had strengthened its financial position through a rights issue completed in March this year and received net proceeds of approximately HK\$56.3 million accordingly. The Company also made reference to Capital VC's announcement dated 13 May 2011 and noted that the unaudited consolidated net asset value per share of Capital VC as at 30 April 2011, was approximately HK\$0.7333 and the Placing Price accordingly represents a discount of about 59% to the unaudited consolidated net asset value per share of Capital VC as at 30 April 2011.

Capital VC and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC and is open to investments in stocks in the industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology and operation of cemetery and funeral services sectors. The Company also noted Capital VC had recently entered into an escrow agreement in relation to the resumption proposal for 3-D Gold Jewellery Holdings Limited (a company listed on the Stock Exchange and formerly known as Hang Fung Gold Technology Limited, stock code: 870) (“3-D Gold”) and it is expected that the return for Capital VC’s investments in 3-D Gold would be fruitful once 3-D Gold’s shares resumes trading on the Stock Exchange. Combining the above observations, the Company regards that Capital VC’s recent development is on the right track and its investment focus dovetails well with that of the Company and thus, the Company expects that there will be significant synergy and areas of co-operation between Capital VC and the Company.

Upon completion of the Agreement, the Company will be interested in approximately 29.72% in the enlarged issued share capital of Capital VC and will become a substantial shareholder of Capital VC. As at the date of this announcement, the Company intends to treat the Acquisition as an investment and presently does not intend to participate in Capital VC’s day to day operations.

Taking all the above into consideration, the Company considers that the Acquisition is expected to be a valuable one and is in the best interest of the Company and the Shareholders as a whole.

The Directors consider that the terms of the Acquisition is fair and reasonable. The consideration of the Acquisition will be wholly satisfied by the internal resources of the Company. In view of above, the Board considers that the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

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

Completion of the Agreement is subject to the satisfaction of the conditions precedent in the Agreement.

As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Acquisition”	acquisition of 250,000,000 Placing Shares by the Company pursuant to the terms of the Agreement
“Agreement”	a conditional placing agreement dated 9 June 2011 entered into between the Company, Capital VC and the Placing Agent in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Capital VC”	Capital VC Limited is a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2324).
“Capital VC Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Capital VC
“Company”	Willie International Holdings Limited (Stock code: 273), a company incorporated in Hong Kong with limited liability and the shares of which are listed on main board of the Stock Exchange
“Completion Date”	not later than the second Business Day following the satisfaction of the conditions (or such later date as all parties shall agree) of the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Chung Nam Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO
“Placing Price”	HK\$0.30 per Placing Share
“Placing Share(s)”	250,000,000 new Capital VC Shares to be placed under the Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 9 June 2011

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

Executive Directors:

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

Independent Non-Executive Directors:

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