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If you have sold or transferred all your securities in Willie International Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(I) PROPOSED CAPITAL INCREASE;
(II) PROPOSED RIGHTS ISSUE
ON THE BASIS OF EIGHT RIGHTS SHARES
FOR EVERY SHARE HELD ON THE RECORD DATE;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Lead Underwriter

CHUNG NAM SECURITIES LIMITED

Co-underwriters



結好證券有限公司
GET NICE SECURITIES LIMITED



英皇證券(香港)有限公司
Emperor Securities Limited

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders

VINCO 城高

Grand Vinco Capital Limited

(a wholly-owned subsidiary of Vinco Financial Group Limited)

It should be noted that the Shares will be dealt on an ex-rights basis from Monday, 23 May 2011. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 2 June 2011 to Friday, 10 June 2011 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. **Any dealing in the nil-paid Rights Shares during the period from Thursday, 2 June 2011 to Friday, 10 June 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue could not become unconditional or does not proceed.**

A letter of advice from Vinco Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 45 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 24 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 30 May 2011 is set out on pages 68 to 70 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriters by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 15 to 17 of this circular. If the Underwriters terminate the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 13 to 14 of this circular being fulfilled or waived (as applicable). If such conditions have not been satisfied or waived (as applicable) in accordance with the Underwriting Agreement on or before the time and dates specified therein, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriters in connection with the underwriting of the Underwritten Shares (excluding the underwriting commission, sub-underwriting fees and related expenses) shall, to the extent agreed by the Company, be borne by the Company. In such event, the Rights Issue will not proceed.

13 May 2011

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2011

Despatch of circular with notice of EGM	Friday, 13 May
Last day of dealing in Shares on a cum-entitlement basis	Friday, 20 May
First day of dealing in Shares on an ex-entitlement basis	Monday, 23 May
Latest time for lodging transfer of Shares in order to be qualified for subscription of the Rights Issue	4:30 p.m. on Tuesday, 24 May
Register of members of the Company closes	Wednesday, 25 May to Monday, 30 May (both dates inclusive)
Latest time for lodging proxies	9:00 a.m. on Saturday, 28 May
Record Date	Monday, 30 May
EGM	9:00 a.m. on Monday, 30 May
Register of members of the Company reopens	Tuesday, 31 May
Despatch of Prospectus Documents	Tuesday, 31 May
First day of dealing in nil-paid Rights Shares	Thursday, 2 June
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 7 June
Last day of dealing in nil-paid Rights Shares	Friday, 10 June
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Wednesday, 15 June
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Friday, 17 June
Announcement of the results of the Rights Issue to be posted on the Stock Exchange's website	Tuesday, 21 June
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Wednesday, 22 June
Share certificates for Rights Shares to be posted	Wednesday, 22 June
Dealing in Rights Shares commences	9:00 a.m. on Friday, 24 June

EXPECTED TIMETABLE

All references to time and dates in this circular are referred to Hong Kong local times and dates.

Dates or deadlines specified in this circular are indicative only and may be varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	4:00 p.m. on Wednesday, 15 June 2011 (or such other date as the Lead Underwriter (on behalf of the Underwriters) may agree in writing with the Company) as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Capital Increase”	the proposed increase in authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 new Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Willie International Holdings Limited (Stock Code:273), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Co-underwriters”	Get Nice Securities Limited (a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO) and Emperor Securities Limited (a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO)
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application to be issued to the Qualifying Shareholders who wish to apply for excess Rights Shares

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 9:00 a.m. on Monday, 30 May 2011 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, approving the proposed Capital Increase and the proposed Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors of the Company to advise the Independent Shareholders in respect of the proposed Rights Issue
“Independent Shareholder(s)”	any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with the Shares up to a maximum of 20% of the aggregate amount of the share capital of the Company in issue as at the date of the extraordinary general meeting of the Company held on 24 December 2010
“Last Trading Day”	8 April 2011, being the last full trading day before the release of the announcement made by the Company on 8 April 2011 regarding the proposed Capital Increase and the proposed Rights Issue
“Latest Practicable Date”	9 May 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lead Underwriter”	Chung Nam Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such shareholders on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Tuesday, 31 May 2011 (or such other date as the Lead Underwriter (on behalf of the Underwriters) may agree in writing with the Company) as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be dispatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders
“Record Date”	Monday, 30 May 2011 (or such other date as the Lead Underwriter (on behalf of the Underwriters) may agree in writing with the Company) as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the proposed issue by way of rights of eight Rights Shares for every Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being not less than 2,368,559,728 Shares and not more than 3,079,127,640 Shares

DEFINITIONS

“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company as approved by Shareholders at the extraordinary general meeting of the Company held on 24 December 2010
“Settlement Date”	Friday, 17 June 2011, being the second Business Day following the Acceptance Date (or such other time or date as the Lead Underwriter (on behalf of the Underwriters) and the Company may agree in writing)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company, the par value of which being HK\$0.01 each
“Shareholder(s)”	holder(s) of Shares
“Share Options”	the share options to subscribe for Shares under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 20 November 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.125 per Rights Share
“Underwriters”	the Lead Underwriter and Co-underwriters
“Underwriting Agreement”	the underwriting agreement dated 8 April 2011 (as amended by a supplemental agreement dated 6 May 2011) entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 2,368,559,728 Rights Shares and not more than 3,079,127,640 Rights Shares underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the Rights Issue
“%”	percentage

LETTER FROM THE BOARD



Willie International Holdings Limited

威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

Executive Directors:

Dr. Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. King Phillip
Mr. Wang Lin

Registered office and head office:

32/F, China United Centre
28 Marble Road
North Point
Hong Kong

Independent non-executive Directors:

Mr. Cheung Wing Ping
Mr. Liu Jian
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond

13 May 2011

To the Shareholders

Dear Sirs or Madam,

**(I) PROPOSED CAPITAL INCREASE;
(II) PROPOSED RIGHTS ISSUE
ON THE BASIS OF EIGHT RIGHTS SHARES
FOR EVERY SHARE HELD ON THE RECORD DATE;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 8 April 2011, the Board announced that the Company proposed (i) to effect the Capital Increase; and (ii) subject to the proposed Capital Increase becoming effective, to implement the Rights Issue on the basis of eight Rights Shares for every Share held on the Record Date at the Subscription Price of HK\$0.125 per Rights Share, whereby raising approximately HK\$296.07 million before expenses (assuming no issue of new Shares on or before the Record Date) to approximately HK\$384.89 million before expenses (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date) by issuing not less than 2,368,559,728 Rights Shares and not more than 3,079,127,640 Rights Shares to the Qualifying Shareholders.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the proposed Rights Issue. Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

The purpose of this circular is to provide you, among others, (i) further details about the proposed Capital Increase and the proposed Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the proposed Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the proposed Rights Issue; and (iv) a notice convening the EGM, at which the ordinary resolutions will be proposed to consider and, if thought fit, approve the Capital Increase and the Rights Issue.

PROPOSED CAPITAL INCREASE

In order to accommodate further expansion and growth of the Group and to facilitate the proposed Rights Issue, the Board proposes that the authorised share capital of the Company to be increased from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 new Shares.

The proposed Capital Increase is conditional upon the approval of the Shareholders at the EGM.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Capital Increase becoming effective and is conditional upon the approval of the Independent Shareholders at the EGM.

Issue statistics

Basis of the Rights Issue	:	Eight Rights Shares for every Share held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	296,069,966 Shares
Number of Rights Shares	:	Not less than 2,368,559,728 Rights Shares (assuming no issue of new Shares on or before the Record Date) and not more than 3,079,127,640 Rights Shares (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date) (<i>Note</i>)
Subscription Price	:	HK\$0.125 per Rights Share

Note:

The Company has no outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there are unutilised Shares from the Issue Mandate and the Scheme Mandate Limit pursuant to which the Directors are authorised to issue up to 59,213,993 additional Shares and 29,606,996 additional Shares respectively.

LETTER FROM THE BOARD

which were approved at the extraordinary general meeting on 24 December 2010 and which were adjusted on 17 March 2011 upon the capital reorganisation becoming effective, details of which are set out in the Company's circular dated 14 February 2011. If the Issue Mandate and Scheme Mandate Limit are fully utilised on or before the Record Date, an additional 473,711,944 Rights Shares and 236,855,968 Rights Shares will be issued, respectively. Based on the above, the maximum number of Rights Shares to be issued under Rights Issue would be 3,079,127,640 Rights Shares.

Assuming neither the Issue Mandate nor the Scheme Mandate Limit are utilised on or before the Record Date, 2,368,559,728 nil-paid Rights Shares will be allotted representing approximately 800% of the Company's issued share capital as at the Latest Practicable Date and approximately 88.89% of the Company's issued share capital as enlarged by the issue of the 2,368,559,728 Rights Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the transfer office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 24 May 2011.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 25 May 2011 to Monday, 30 May 2011, both dates inclusive for the purpose of ascertaining entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will make enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be available to such Overseas Shareholders. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them. According to the information provided by the share registrar of the Company, as at the Latest Practicable Date, there are three Overseas Shareholders with addresses in Macau. The Company has been advised by its Macau legal advisers that there is no legal restriction under the applicable legislation of the relevant jurisdiction or requirement of any relevant regulatory body or stock

LETTER FROM THE BOARD

exchange with respect to the offer of the Rights Issue to the Overseas Shareholders with registered addresses in Macau. In view of this, the Directors have decided to extend the Rights Issue to the Overseas Shareholders with registered addresses in Macau and the Prospectus Documents will be sent to such Overseas Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Subscription Price

The Subscription Price is HK\$0.125 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 82.88% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34.90% to the theoretical ex-rights price of approximately HK\$0.192 per Share, based on the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 82.88% to the average closing price of approximately HK\$0.73 per Share as quoted on the Stock Exchange from 1 April 2011 to 8 April 2011, both dates inclusive, being the last five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 11.35% to the theoretical ex-rights price of HK\$0.141 per Share, based on the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the discount of Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and that the terms of the Rights Issue (including the rate of commission) are fair and reasonable and in the interests of the Company

LETTER FROM THE BOARD

and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming the Issue Mandate is not utilised, no Share Options are granted or exercised and no other issue of new Shares on or before the Record Date) will be approximately HK\$0.1205.

Basis of provisional allotment

The basis of the provisional allotment will be eight Rights Shares for every Share in issue and held at the close of business on the Record Date, being not less than 2,368,559,728 Rights Shares and not more than 3,079,127,640 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders otherwise entitled thereto. All fractions of nil-paid Rights Shares (if any) will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be obtained, and the Company will retain the net proceeds from such sale(s) for its benefit. Any unsold aggregate of fractions of nil-paid Rights Shares (if any) will be made available for excess application under the EAFs.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding

LETTER FROM THE BOARD

scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a larger number of Rights Shares) and with board lot allocations to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the transfer office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for completion of the relevant registration by 4:30 p.m. on Tuesday, 24 May 2011.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 22 June 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 22 June 2011 by ordinary post to the applicants at their own risk.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on Friday, 24 June 2011.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 4,000 Shares), which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong. Based on the theoretical ex-rights price of approximately HK\$0.192 per Share (with reference to the closing price of HK\$0.73 per Share as at the Last Trading Day), the theoretical ex-rights board lot value in the board lot of 4,000 Shares will be approximately HK\$768.

Conditions of the Rights Issue

The Rights Issue is conditional upon certain conditions being fulfilled or waived which are summarised below:

- (i) the passing of the relevant resolutions at an extraordinary general meeting of the Company to approve the Capital Increase and the Rights Issue in accordance with the Listing Rules;
- (ii) the delivery to the Stock Exchange and registration by Registrar of Companies in Hong Kong on or prior to the Posting Date of the Prospectus Documents each duly certified in compliance with section 38D of the Companies Ordinance and all other documents required by law to be filed or delivered for registration;
- (iii) the posting on the Posting Date of the Prospectus Documents to the Qualifying Shareholders;
- (iv) compliance by the Company with certain obligations under the Underwriting Agreement;
- (v) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if and where relevant) prior to commencement of dealings of the Rights Shares in nil-paid form and fully-paid forms (as the case may be) and such listings and permission not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (vii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with the terms thereof; and
- (viii) the Capital Increase becoming effective.

LETTER FROM THE BOARD

In the event that the above conditions (other than the conditions (i), (ii) and (v) which cannot be waived) have not been satisfied and/or waived in whole or in part by the the Lead Underwriter (on behalf of the Underwriters) on or before the Posting Date or in the event that conditions (vi) and (vii) have not been satisfied on or before 4:00 p.m. on the Settlement Date (or, in each case, such later date as the Lead Underwriter (on behalf of the Underwriters) and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out of pocket expenses as have been properly incurred by the Underwriters in connection with the underwriting of the Underwritten Shares (excluding the underwriting commission, sub-underwriting fees and related expenses) shall, to the extent agreed by the Company, be borne by the Company.

The Underwriting Agreement

- Date : 8 April 2011
- Lead Underwriter : Chung Nam Securities Limited. Chung Nam Securities Limited is an indirect wholly-owned subsidiary of Hennabun Capital Group Limited which is ultimately owned as to approximately 32.85% 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 (as defined in the Listing Rules) of the Company.
- Co-underwriters : Get Nice Securities Limited and Emperor Securities Limited. Based on filings made under the SFO, Get Nice Securities Limited is indirectly wholly owned by Get Nice Holdings Limited (Stock Code: 64, a company whose shares are listed on the Stock Exchange). Emperor Securities Limited is indirectly wholly owned by Emperor Capital Group Limited (Stock Code: 717, a company whose shares are listed on the Stock Exchange). Get Nice Securities Limited and Get Nice Holdings Limited, Emperor Securities Limited and Emperor Capital Group Limited are not connected persons (as defined in the Listing Rules) of the Company.

LETTER FROM THE BOARD

Total number of Rights Shares being underwritten by the Underwriter : The Underwriters have conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not less than 2,368,559,728 Rights Shares and not more than 3,079,127,640 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

Each of the Underwriters has several (but not joint and several) obligations as follows:-

Underwriters	Proportion of Shares underwritten
Lead Underwriter	33 $\frac{1}{3}$ % (rounded down to nearest board lot)
Get Nice Securities Limited	33 $\frac{1}{3}$ % (rounded down to nearest board lot)
Emperor Securities Limited	33 $\frac{1}{3}$ % (rounded down to nearest board lot)

Provided that the remainder of (i) the total number of Shares to be underwritten less (ii) the total number of Rights Shares to be taken up by the Lead Underwriter, Get Nice Securities Limited and Emperor Securities Limited as calculated above will be taken up by the Lead Underwriter.

Commission : 2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company issued by the Lead Underwriter (on behalf of the Underwriters) at its sole discretion at any time prior to 4:00 p.m. on the Settlement Date if there occurs:-

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or currency (including a change in the system under

LETTER FROM THE BOARD

which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or

- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the opinion of the Lead Underwriter (on behalf of the Underwriters), such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriters shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Lead Underwriter (on behalf of the Underwriters) shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) the Company shall, after certain matter or event referred to in the Underwriting Agreement has occurred or come to the Lead Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Lead Underwriter (on behalf of the Underwriters) may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriters shall also be entitled (but not bound) by notice in writing issued by the Lead Underwriter (on behalf of the Underwriters) to the Company to elect to treat such matter or event as releasing and discharging the Underwriters from their obligations under the Underwriting Agreement.

Upon giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other parties in respect of any matter or

LETTER FROM THE BOARD

thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriters such fees and expenses (but not the underwriting commission, sub-underwriting fees and related expenses) referred to in the Underwriting Agreement. If the Underwriters exercise such right, the Rights Issue will not proceed.

SHAREHOLDING IN THE COMPANY

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue and (i) assuming no issue of new Shares on or before the Record Date; and (ii) assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date:

Scenario 1:

Assuming no issue of new Shares on or before the Record Date:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Shareholders take up all the Rights Shares at HK\$0.125 each		Assuming the Underwriters underwrite all Shareholders' portion of the Rights Shares at HK\$0.125 each	
			<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Director</i>						
Dr. Chuang Yueheng						
Henry (Note 1)	4,670,688	1.58%	42,036,192	1.58%	4,670,688	0.18%
<i>Underwriters</i>						
Chung Nam Securities						
Limited (Note 2)	—	—	—	—	789,527,728	29.63%
Get Nice Securities						
Limited (Note 2)	—	—	—	—	789,516,000	29.63%
Emperor Securities						
Limited (Note 2)	—	—	—	—	789,516,000	29.63%
Underwriters subtotal	—	—	—	—	2,368,559,728	88.89%
<i>Other public</i>						
Shareholders	291,399,278	98.42%	2,622,593,502	98.42%	291,399,278	10.93%
Total	<u>296,069,966</u>	<u>100.00%</u>	<u>2,664,629,694</u>	<u>100.00%</u>	<u>2,664,629,694</u>	<u>100.00%</u>

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Scenario 2:

Assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date:

	Immediately after completion of the Rights Issue					
	As at the Latest Practicable Date		Assuming all Shareholders take up all the Rights Shares at HK\$0.125 each		Assuming the Underwriters underwrite all Shareholders' portion of the Rights Shares at HK\$0.125 each	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Director</i>						
Dr. Chuang Yueheng Henry (<i>Note 1</i>)	4,670,688	1.58%	42,036,192	1.21%	4,670,688	0.14%
<i>Underwriters</i>						
Chung Nam Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,383,640	29.63%
Get Nice Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,372,000	29.63%
Emperor Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,372,000	29.63%
Underwriters subtotal	—	—	—	—	3,079,127,640	88.89%
New Shares issued under the Issue Mandate	—	—	532,925,937	15.39%	59,213,993	1.71%
New Shares issued upon exercise in full of Share Options granted pursuant to the Scheme Mandate Limit	—	—	266,462,964	7.69%	29,606,996	0.85%
Other public Shareholders	<u>291,399,278</u>	<u>98.42%</u>	<u>2,622,593,502</u>	<u>75.71%</u>	<u>291,399,278</u>	<u>8.41%</u>
Total	<u><u>296,069,966</u></u>	<u><u>100.00%</u></u>	<u><u>3,464,018,595</u></u>	<u><u>100.00%</u></u>	<u><u>3,464,018,595</u></u>	<u><u>100.00%</u></u>

Notes:

1. Dr. Chuang Yueheng Henry is the chairman of the Company and executive Director.

LETTER FROM THE BOARD

2. In circumstances where the Rights Issue were to become unconditional and the Underwriters were obliged to underwrite the Rights Shares in their entirety, the underwriting commitment would extend to a stake of approximately 88.89% in the share capital of the Company as enlarged by the issue of the Rights Shares. The Underwriters have undertaken with the Company that (i) each of them shall use all reasonable endeavours to procure that each of the subscribers or purchasers of Rights Shares procured by it shall be third parties independent of, not acting in concert with and not connected with the Directors, chief executive or substantial Shareholders or their respective associates; (ii) each of them shall and shall cause sub-underwriters to procure independent placees take up such number of Rights Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that each of them shall not, together with party(ies) acting in concert with each of them, hold 29.9% or more of the voting rights of the Company upon completion of the Rights Issue.
3. Each of the Underwriters has confirmed to the Company that it has entered into sub-underwriting agreements with sub-underwriters to sub-underwrite part or all of their underwriting obligations under the Underwriting Agreement, so that it will not if called upon to take up its underwriting commitment individually or together with its associates own 10% or more of the issued share capital of the Company immediately after completion of the Rights Issue. Each of the Underwriters has confirmed to the Company, that the sub-underwriters and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the business of property investment, investment in securities trading, money lending and investment holding.

The gross proceeds of the Rights Issue will be not less than approximately HK\$296.07 million (assuming no issue of new Shares on or before the Record Date) but not more than approximately HK\$384.89 million (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Share Options granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date). The estimated net proceeds from the Rights Issue will be not less than approximately HK\$285.50 million (assuming no issue of new Shares on or before the Record Date) but not more than approximately HK\$372.20 million (assuming full utilisation of the Issue Mandate and full exercise of the subscription rights attaching to the maximum number of Share Options granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date) The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when suitable opportunities arise. It is currently intended that the proceeds from the Rights Issue will be utilised in the following manner:-

- as to approximately 20% for the general working capital of the Group including but not limited to payment of salaries, rent and rates and audit fee; and
- as to the remaining balance to finance any suitable future potential investment opportunities as and when they arise.

LETTER FROM THE BOARD

In particular, the Group is planning to make new investments in properties when attractive opportunities arise so as to replenish its real estate portfolio. In May 2010, the Company had acquired a property holding company with its principal assets being high-quality commercial units at a consideration of HK\$52 million. Given that the Company may make new investments in properties of which the consideration may be as sizeable as the aforementioned acquisition and in view of the more stringent mortgage lending practices imposed in Hong Kong, the Company considers that the net proceeds from the Rights Issue would help to provide more financial flexibility to finance the Group's possible property investments. Further, the Group is also actively seeking new investment opportunities with good returns in the natural resources and energy-related sectors which investment costs are also expected to be substantial and therefore, with the net proceeds from the Rights Issue, the Company would be able to seize attractive investment opportunities once they arise and help to generate positive return to the Company in the near future. Notwithstanding the aforementioned, as at the Latest Practicable Date, the Group has not yet identified any attractive investment opportunities. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the future growth of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING EXERCISES OF THE COMPANY

Date of Announcement	Event	Net Proceeds Raised <i>(approximately)</i>	Intended Use of Net Proceeds	Actual Use of Net Proceeds as at the Latest Practicable Date
9 June 2010	Placing of 171,437,476 new shares at the placing price of HK\$0.255 each	HK\$42.50 million	For the general working capital of the Group	(i) Approximately HK\$38 million was applied to the investment in securities trading business; and (ii) approximately HK\$4.50 million was applied to the repayment of mortgage loans
3 August 2010	Placing of 205,724,971 new shares at the placing price of HK\$0.165 each	HK\$32.89 million	For the general working capital of the Group	(i) Approximately HK\$2 million was applied to operating expenses; (ii) approximately HK\$3.50 million was applied to the repayment of mortgage loans; and (iii) approximately HK\$27.39 million was applied to the investment in securities trading business
29 October 2010	Placing of 246,000,000 new shares at the placing price of HK\$0.18 each	HK\$42.93 million	For future potential investments of the Group	Not yet utilised and maintained at bank

LETTER FROM THE BOARD

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Monday, 23 May 2011. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 2 June 2011 to Friday, 10 June 2011 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed.

Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 2 June 2011 to Friday, 10 June 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue could not become unconditional or does not proceed. Any Shareholders or other persons contemplating selling or purchasing the Rights Shares in their nil-paid forms during the period from Thursday, 2 June 2011 to Friday, 10 June 2011 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers.

EGM

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on the approval of the Independent Shareholders by way of poll at the EGM. The Company does not have any controlling Shareholder. As at the Latest Practicable Date, Dr. Chuang Yueheng Henry, the chairman of the Company and executive Director, held 4,670,688 Shares representing approximately 1.58% of the issued share capital of the Company. He and his associates will abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM in compliance with Rule 7.19(6) of the Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents will be dispatched to the Qualifying Shareholders on the Posting Date, and the Prospectus will be dispatched to the Non-Qualifying Shareholders for information only on the Posting Date.

LETTER FROM THE BOARD

The notice convening the EGM is set out on pages 68 to 70 of this circular. The EGM will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 30 May 2011 for the purpose of, considering and, if thought fit, approving the proposed Capital Increase and the proposed Rights Issue.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

In relation to the proposed Rights Issue, you are advised to read carefully the letter from the Independent Board Committee and the letter from Vinco Capital set out on page 24 and pages 25 to 45 respectively of this circular. The Independent Board Committee, having taken into account the advice of Vinco Capital, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the EGM.

The Directors believe that the Capital Increase and the Rights Issue are in the interests of the Company and the Shareholders as a whole, and accordingly, the Directors recommend the Shareholders or Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



Willie International Holdings Limited

威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

13 May 2011

To the Independent Shareholders

Dear Sirs or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF EIGHT RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 13 May 2011 (the “Circular”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable insofar as the Independent Shareholders are concerned. Vinco Capital has been appointed as the independent financial adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, Vinco Capital as set out in its letter of advice to you and us on pages 25 to 45 of the Circular, we are of the opinion that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed Rights Issue.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Cheung Wing Ping

Mr. Liu Jian

Mr. Wen Louis

Mr. Yau Yan Ming, Raymond

Independent non-executive Directors

LETTER FROM VINCO CAPITAL

The following is the text of the letter of advice, prepared for the purpose of incorporation in this circular, from Vinco Capital to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue.



Grand Vinco Capital Limited
Unit 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

13 May 2011

To the Independent Board Committee and the Independent Shareholders of
Willie International Holdings Limited

Dear Sirs,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF EIGHT RIGHTS SHARES
FOR EVERY SHARE
HELD ON THE RECORD DATE**

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed Rights Issue, details of which are set out in the "Letter from the Board" in the circular issued by the Company to the Shareholders dated 13 May 2011 (the "Circular") of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 8 April 2011, the Company made an announcement to propose the Rights Issue of not less than 2,368,559,728 Rights Shares (assuming no issue of new Shares on or before the Record Date) and not more than 3,079,127,640 Rights Shares (assuming full utilisation of the issue mandate and full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date) in the proportion of eight Rights Share for every Share held by Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.125 per Rights Share, in order to raise, after expenses, approximately not less than HK\$285.50 million (assuming no issue of new Shares on or before the Record Date) but not more than HK\$372.20 million (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date).

LETTER FROM VINCO CAPITAL

As stated in the “Letter from the Board” in the Circular, the Company currently intends to apply 20% of the net proceeds of the Rights Issue as general working capital and the remaining 80% of the net proceeds for possible future investments of the Group.

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional upon, among other things, approval by the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, the Company had no controlling Shareholder and Dr. Chuang Yueheng Henry, the chairman of the Company and executive Director, held 4,670,688 Shares representing approximately 1.58% of the issued share capital of the Company. Accordingly, Dr. Chuang, together with his associates will abstain from voting in favour of the proposed resolution to approve the Rights Issue at the EGM in compliance with Rule 7.19(6) of the Listing Rules.

The Independent Board Committee, comprising Mr. Cheung Wing Ping, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Rights Issue. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM VINCO CAPITAL

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Rights Shares or otherwise, since these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares or otherwise. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, we have considered the principal factors and reasons set out below:

1. *Background information of the Company*

The Company is principally engaged in the business of property investment, investment in securities trading, money lending and investment holding.

Set out below is a summary of the audited consolidated financial results of the Group for the two years ended 31 December 2010, as extracted from the Company's annual report 2010 (the "Annual Report"):

	For the year ended 31 December 2010 (audited) HK\$'000	For the year ended 31 December 2009 (audited) HK\$'000
Consolidated Statement of Comprehensive Income		
Turnover	55,698	94,451
(Loss) Profit attributable to equity holders of the Company	(169,285)	129,345

LETTER FROM VINCO CAPITAL

Consolidated Statement of Financial Position	As at 31 December 2010 (audited) HK\$'000	As at 31 December 2009 (audited) HK\$'000
Net assets value	1,988,636	2,530,020
Total assets	1,992,131	2,866,971
Total liabilities	3,495	336,951

As stipulated in the Annual Report, we noted that the Group's turnover for the year ended 31 December 2010 was amounted to approximately HK\$55.70 million, representing a decrease of approximately 41% as compared to 2009. With reference to the Annual Report, such decrease was mainly attributed to the decrease in net gains from the sale of investments and the decrease in rental and interest income. During the year ended 31 December 2010, the Group also recorded a loss attributable to its equity holders of approximately HK\$169.29 million. With reference to the Annual Report, such loss was mainly attributable to net fair value losses on trading of investments held, losses on disposal of interest in subsidiaries and share of associates' losses. As at 31 December 2010, the Group recorded total assets, total liabilities and net assets value of approximately HK\$1,992.13 million, HK\$3.50 million and HK\$1,988.64 million respectively.

During the past twelve months, we noted that the Company conducted three fund-raising activities for approximately HK\$118.32 million, which the Company raised (i) approximately HK\$42.50 million by a placing of 171,437,476 new shares to independent third parties as announced on 9 June 2010 by the Company; (ii) approximately HK\$32.89 million by a placing of 205,724,971 new shares to independent third parties as announced on 3 August 2010 by the Company; and (iii) approximately HK\$42.93 million by a placing of 246,000,000 new shares to independent third parties as announced on 29 October 2010 by the Company.

Date of Announcement	Event	Net Proceeds Raised (approximately)	Intended Use of Net Proceeds	Actual Use of Net Proceeds as at the Latest Practicable Date
9 June 2010	Placing of 171,437,476 new shares at the placing price of HK\$0.255 each	HK\$42.50 million	For the general working capital of the Group	(i) Approximately HK\$38 million was applied to the investment in securities trading business; and (ii) approximately HK\$4.50 million was applied to the repayment of mortgage loans

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Date of Announcement	Event	Net Proceeds Raised <i>(approximately)</i>	Intended Use of Net Proceeds	Actual Use of Net Proceeds as at the Latest Practicable Date
3 August 2010	Placing of 205,724,971 new shares at the placing price of HK\$0.165 each	HK\$32.89 million	For the general working capital of the Group	(i) Approximately HK\$2 million was applied to operating expenses; (ii) approximately HK\$3.50 million was applied to the repayment of mortgage loans; and (iii) approximately HK\$27.39 million was applied to the investment in securities trading business
29 October 2010	Placing of 246,000,000 new shares at the placing price of HK\$0.18 each	HK\$42.93 million	For future potential investments of the Group	Not yet utilised and maintained at bank

Save for the foregoing, no other fund-raising activities took place within twelve-month period up to and including the Latest Practicable Date.

2. *Reasons for the Rights Issue and proposed use of net proceeds*

We noted that during the past twelve months, the Company has raised net proceed amounted to approximately HK\$ 118.32 million, of which approximately 55.27%, 6.8% and 1.7% has been utilized to the investment in trading securities, repayment of mortgage loan and as operating expenses in 2010 respectively. As advised by the Company, the unused portion amounted to approximately HK\$42.93 million, will be used collectively with the potential fund raised in the Rights Issue for the purposes as stated in the following paragraphs. With reference to the Annual Report, there has been a loss recognised in its investment in securities and we were aware of such loss was mainly attributable to net fair value losses on trading of investments held, as compared to the year of 2009 in which there was net fair value gains on trading of investments held. As discussed with the Company, the results of this segment are prone to be affected by volatile stock market conditions. We also noted that the unfavourable results in year 2010 have caused the weak share price performance during the year. In light of the weak financial results, the Company expressed that equity financing by the way of Rights Issue would be a more efficient and viable way to raise new funds when compared to bank borrowings and the Rights Issue will provide the Company new capital inflow to capture quality investment opportunities in a better bargaining position and thus enhance the Company to diversify its income stream and turnaround its performance for the benefit of the Company and Shareholders as a whole.

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As set out in the “Letter from the Board” in the Circular, the Company currently intends to apply 20% of the net proceeds of the Rights Issue as general working capital and the remaining 80% for possible future investments of the Group, namely investment in properties, natural resources and energy-related sectors. If materialised, such increase in cash will strengthen the capital base of the Group, which will be beneficial to the Group in its possible acquisitions or investments in future. With reference to the Company’s annual reports 2009 & 2010, the Company was taking a conservative approach in the business development and investments of the Company. As the global economy is now under the way of recovery, the Company expressed the view that it is the right time to employ a more aggressive approach in investment and business development of the Company, and seeking attractive investment opportunities that can enhance shareholders’ return. Among the remaining 80% of the net proceeds, together with the unused HK\$42.93 million from placing of shares as announced on 29 October 2010, the Company intends to apply approximately 60% of the fund to property investment and the remaining approximately 40% to natural resources/energy-related investments. Given the current market conditions, the Company expects there would be immense reconstruction requirements forthcoming in the immediate future from Japan as a result of recent destruction from the earthquake and Tsunami. This couples with the continual rising demand from countries such as China, India and Brazil, in real estate and infra-structure development, natural resources would be heavily in demand in the foreseeable future and highly sought after by investors. With the incessant rise in fossil fuel price, the insatiable demand for energy, energy investments are also very competitive. With the Japan nuclear disaster, curtailing new investments in nuclear energy, any alternative energy resources would be welcome, particularly in the renewable energy area.

In particular, the Group is planning to make new investments in properties when attractive opportunities arise so as to replenish its real estate portfolio. In May 2010, the Company had acquired a property holding company with its principal assets being high-quality commercial units at a consideration of HK\$52 million. The property market in Hong Kong has demonstrated its resilience in the face of heavy government intervention. It remains robust and continues to maintain a steady appreciation through time. With land being limited and ultimate demand continue to rise, the Company believes that property will provide viable investment opportunities. Given that the Company may make new investments in properties of which the consideration may be as sizeable as the aforementioned acquisition and in view of the more stringent mortgage lending practices imposed in Hong Kong, the Company considers that the net proceeds from the Rights Issue would help to provide more financial flexibility to finance the Group’s possible property investments.

We have enquired the Company on the business plans for its property investment and investment in natural resources. We have been informed that the Company targets to earn rental income from letting of properties and for capital appreciation while property investments have long been a major area of activity for the Company. The target natures of properties are higher-end residential and commercial premises, which would be preferably located in Hong Kong and the PRC. In the year ended 31 December 2010, the property investment segment continued to contribute a positive return of approximately HK\$73 million arising from net fair value gains on investment properties. We also noted that Cordoba Homes Limited (“Cordoba”), a former subsidiary of the Company in which the Company’s property investment business was carried through, has ceased to be a Company’s subsidiary as the Company’s interest in Cordoba has been subsequently diluted from approximately

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55.27% to approximately 40.71% in 2010, and to approximately 27.30% as at the Latest Practicable Date. As a result, the Group did not have any assets and liabilities in the property investment segment as at 31 December 2010. We have been explained by the Company that the dilution is aimed to bring in addition needed financial resources for Cordoba as well as bring in other investors that the Company believes such action would be beneficial for Cordoba's growth through financial strength and strategic alliance. The Company would consider property investments in the form of investment through subsidiaries of the Company or joint ventures with other parties from time to time when opportunities arise. In light of the above, we are of the view that by replenishing the Company's property portfolio with the funds obtained from the Rights Issue, the Company can regain the autonomy and management of its property investment and ensure any investment decision on such business will be in-line with the Company's objectives in which otherwise would be absent in the form of associate.

The Group is also actively seeking new investment opportunities with good returns in the natural resources and energy-related sectors. In recent years, the Directors have seen the natural resources and energy sectors as a major and critical development in the PRC with potential for tremendous growth and the Company has actively participated in natural resources and energy-related sectors. In 2006, the Group acquired 50% equity interest in coking project in Yunnan Province in the PRC and in 2007, the Group acquired 50% of the forestry lands use rights and forestry trees entitlement in Yunnan Province in the PRC. As stated in the Annual Report, the Company has been approached with abundance of investment proposals and many of which warrant further studies and evaluations. These proposals includes but not limited to oil and gas projects, coal mining projects, environmental or alternative energy projects such as solar energy and fuel saving devices, as well as other mining projects in emerald, gold, copper etc. and there are also real estate projects and other finance proposals. In the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain banking facilities on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Group may lose its bid in an otherwise favourable investment.

Even though the aforementioned investment of coking project and forestry lands use rights in 2006 and 2007 have been disposed subsequently in 2007 and 2009 with recognized net losses and net gains as shown in the Company's annual report in 2007 and 2009 respectively, as advised by the Company they were for long term basis at the time of investment as stated in the announcements relating to acquisitions. After entering into such investments, the Company decided that certain circumstances have changed and then made a decision to divest the investments. It is the intention that the Company would maintain a long term focus when deciding on future acquisitions. At this time, no specific terms of the projects can be disclosed. While the Board has set a general target to pursue projects that are safe and with good return, no specific targets, such as hurdle rates have been set as any potential projects may vary in many respects such as in the instance, the returns and risks of a green field coal mine would differ from one that is already in production. The Board would instead focus on whether the projected return of the offer is better than the market norm. The Board is also keeping an open mind in terms of geographical location and size of the projects to be considered. However the Board does take note that the sizes of these projects are normal of substantial in nature. In light of the above, we concur with the view of the Company that it is reasonable and for the interest

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of the Company and Shareholders to divest in any investment that is no longer favourable, and by introducing new, attractive investment opportunities with the net proceeds of the Rights Issue, it enables the Company to diversify its income stream and its overall business risk exposure with a target of performance turnaround.

As discussed with the management of the Company, it is the investment strategy of the Company to invest in high-end and quality properties besides its investment in natural resources and energy-related projects. However, it is a common phenomenon in the real estate industry that quality properties usually involve sizable investment. Due to the business nature, the investment in natural resources and energy-related sectors also involves substantive capital commitment. In order to capture quality investment opportunities in the aforementioned sectors, the Rights Issue would then provide sufficient funding for those projects, enhance the bargaining power of the Company and thus improve the performance of the Company and return to Shareholders. Given the capital-intensive nature of investment in real estate, natural resources & energy-related sectors, the net proceeds from the Rights Issue will therefore provide the Company with a stronger capital base and additional flexibility in deciding the source of finance for any acquisition or investment opportunities that may arise in the future, as well as strengthening the competitiveness of the Group in terms of improving the existing business, which can benefit the future business development of the Company. The Rights Issue will also enable the Company to further broaden the scope of its business and investment holdings through any potential acquisition or investment. The specific risk, in contrast to board market risk, can be diversified and which would be beneficial to the Company and the Shareholders as a whole. As such, we are of the view and concur with the view of the Directors that the proposed use of net proceeds from the Rights Issue is in line with the business development and objectives of the Group and in the interests of the Company and the Independent Shareholders as a whole.

The Rights Issue, which is on a fully underwritten basis, will remove a certain degree of uncertainty as compared to best-effort placing. In addition, the Rights Issue will not incur a burden on interest expenses to the Group as compared to bank borrowing. As such, we are of the view that the Rights Issue is a preferred source of financing over the aforementioned alternatives.

After our discussion with the Directors, we understand that the Group has not identified any attractive investment opportunities as at the Latest Practicable Date; however, the Directors are of the view that the Rights Issue will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Group's operations, future development and investment purposes as and when suitable opportunities arise.

Having considered that the Rights Issue will (i) strengthen the Group's capital base and enhance its financial position, so as to allow the Group to seize good business opportunities in possible investment which may proceed require substantive funding in the future with immediately available funds when appropriate chance arises; (ii) allow the Qualifying Shareholders to maintain their respective pro rata shareholding interest and an equal opportunity to participate in the enlargement of the capital base of the Company; and (iii) the Rights Issue is a preferred source of financing over other alternative fund-raising methods, we are of the view that raising funds by means of the Rights Issue is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

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3. *Pricing for the Rights Issue*

The Subscription Price is HK\$0.125 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 82.88% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34.90% to the theoretical ex-rights price of approximately HK\$0.192 per Share, based on the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 82.88% to the average closing price of approximately HK\$0.73 per Share as quoted on the Stock Exchange from 1 April 2011 to 8 April 2011, both dates inclusive, being the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 11.35% to the theoretical ex-rights price of HK\$0.141 per Share, based on the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 90.67% to the audited net assets value per share of the Group of approximately HK\$1.34 as at 31 December 2010 (based on 1,480,349,830 shares in issue as at 31 December 2010).

As stated in the “Letter from the Board” in the Circular, the Subscription Price has been determined based on arm’s length negotiation between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the discount of Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and that the terms of the Rights Issue (including the rate of commission) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no issue of new Shares on or before the Record Date) will be approximately HK\$0.1205.

To assess the fairness and reasonableness of the Rights Issue, we set out the following analysis for illustrative purpose for the Independent Board Committee and the Independent Shareholders’ consideration. To the best of our knowledge, we have identified and reviewed 35 rights issues (the “Market Comparables”) by companies which are listed on the main board and GEM of the Stock Exchange from 8 October 2010 up to and including the Last Trading Day (the “Review Period”), which is considered to be exhaustive (except for one company in which the details of the rights issue are subject to further announcement by the company), for comparison purpose. We are of the view that the Review Period being six months prior to and including the Last Trading Day would provide us with

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the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of a rights issue in general. We also noted that the business activities of the Market Comparables are not directly comparable to those carried out by the Group since the principal businesses of the Market Comparables are not directly comparable to those carried on by the Group and the terms of the rights issues of the Market Comparables may vary for companies with different financial standings, business performance and future prospects. Since the Market Comparables are the most recent rights issue transactions announced to the public, we consider that the Market Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition and could provide a general reference for the terms of the Rights Issue. Set out below are the 34 Market Comparables:

Company name	Stock code	Date of announcement	Basis of entitlement	Underwriting commission	Discount of the subscription prices to the closing prices of last trading day prior to the dates of announcement in relation to the respective rights issues	Discount of the subscription prices to the theoretical ex-rights prices based on the closing prices of last trading day prior to the dates of announcement in relation to the respective rights issues
China Gogreen Assets Investment Limited	397	12-Oct-10	9-for-1	2.50%	67.67%	17.31%
Standard Chartered PLC	2888	13-Oct-10	8-for-1	2.15%	32.93%	30.38%
Bao Yuan Holdings Limited (formerly known as Ching Hing (Holdings) Limited)	692	20-Oct-10	8-for-1	2.50%	81.82%	33.33%
Hong Kong Life Group Holdings Limited (formerly known as Aptus Holdings Limited)	8212	27-Oct-10	3-for-1	2.50%	69.70%	37.50%
Inno-Tech Holdings Limited	8202	28-Oct-10	10-for-1	3.00%	72.31%	19.28%
Bank of China Limited	3988	28-Oct-10	1-for-10	Nil	41.20%	38.98%
China Construction Bank Corporation	939	2-Nov-10	0.7-for-10	Nil	42.70%	41.00%
Industrial and Commercial Bank of China Limited	1398	10-Nov-10	0.45-for-10	Nil	47.40%	46.20%
Hengli Properties Development (Group) Limited (<i>Note</i>)	169	11-Nov-10	1-for-1	2.50%	71.43%	55.56%
Dah Sing Financial Holdings Limited	440	16-Nov-10	1-for-8	2.25%	39.97%	37.18%
Dah Sing Banking Group Limited	2356	16-Nov-10	1-for-10	2.25%	40.94%	38.65%
Forefront Group Limited	885	25-Nov-10	8-for-1	3.00%	86.56%	41.59%
China Yunnan Tin Minerals Group Company Limited	263	29-Nov-10	8-for-1	3.00%	87.80%	44.44%

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Company name	Stock code	Date of announcement	Basis of entitlement	Underwriting commission	Discount of the subscription prices to the closing prices of last trading day prior to the dates of announcement in relation to the respective rights issues	Discount of the subscription prices to the theoretical ex-rights prices based on the closing prices of last trading day prior to the dates of announcement in relation to the respective rights issues
Champion Technology Holdings Limited	92	1-Dec-10	4-for-9	2.50%	37.80%	29.60%
Shangri-La Asia Limited	69	9-Dec-10	1-for-12	1.00%	5.80%	5.40%
Wang On Group Limited	1222	13-Dec-10	8-for-1	3.00%	87.65%	37.89%
Zhongtian International Limited	2379	17-Dec-10	10-for-1	Nil	96.70%	72.50%
Culturecom Holdings Limited	343	17-Dec-10	1-for-2	No Disclosure	41.70%	32.70%
V.S. International Group Limited	1002	22-Dec-10	1-for-3	Nil	18.37%	14.44%
Pan Asia Mining Limited	8173	23-Dec-10	5-for-1	2.50%	74.36%	32.58%
Easyknit Enterprise Holdings Limited	616	5-Jan-11	1-for-2	1.00%	34.00%	25.50%
Heritage International Holdings Limited	412	6-Jan-11	1-for-2	2.50%	35.06%	26.47%
Capital VC Limited	2324	12-Jan-11	1-for-2	3.00%	28.57%	21.05%
Sheng Yuan Holdings Limited	851	23-Jan-11	2-for-5	1.50%	46.84%	38.24%
Nam Hing Holdings Limited	986	31-Jan-11	26-for-1	3.00%	92.80%	32.30%
Hanny Holdings Limited	275	31-Jan-11	8-for-1	2.50%	90.16%	50.50%
China 3D Digital Entertainment Limited	8078	1-Feb-11	7-for-1	2.00%	95.24%	71.43%
The Wharf (Holdings) Limited	4	10-Feb-11	1-for-10	1.25%	31.00%	29.00%
China Properties Investment Holdings Limited	736	16-Feb-11	30-for-1	3.00%	83.61%	13.92%
Kantone Holdings Limited	1059	28-Feb-11	2-for-5	2.50%	24.81%	19.35%
Pacific Plywood Holdings Limited	767	8-Mar-11	30-for-1	2.50%	88.89%	20.00%
China State Construction International Holdings Limited	3311	18-Mar-11	1-for-5	2.50%	16.67%	14.29%
Cinda International Holdings Limited	111	29-Mar-11	1-for-5	0.50%	38.90%	34.50%
Radford Capital Investment Limited	901	8-Apr-11	4-for-1	2.50%	55.13%	19.72%
			Max.	3.00%	96.70%	72.50%
			Min.	Nil	5.80%	5.40%
			Mean	1.97%	56.15%	33.02%
The Company		8-Apr-11	8-for-1	2.50%	82.88%	34.90%

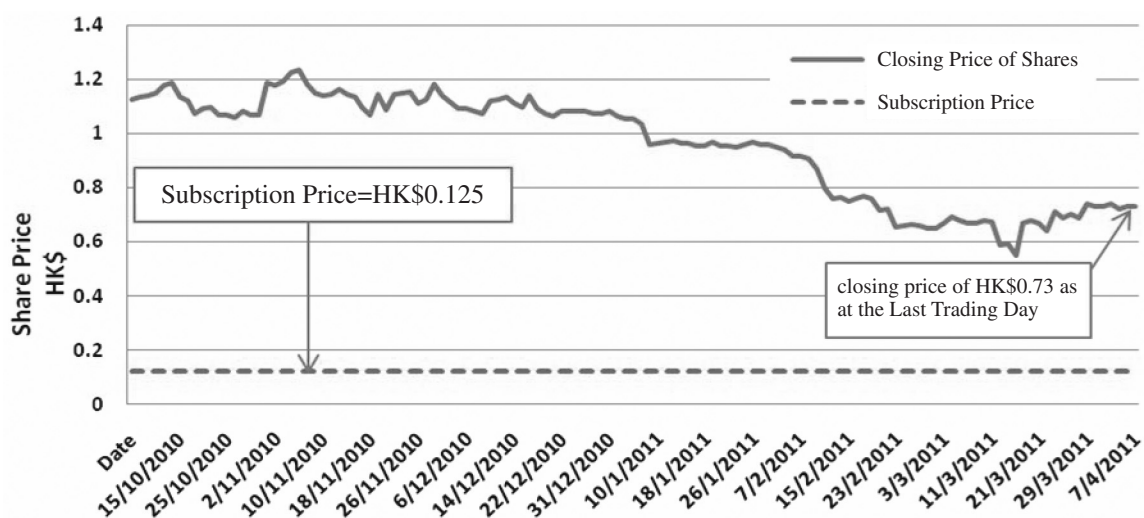
Source: the Stock Exchange

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Note: This was an amended rights issue which superseded the proposed rights issue as announced on 4 October 2010.

Based on the above table, we noted that (i) the subscription prices to the closing prices on the last trading day prior to the dates of announcement of the Market Comparables ranged from a discount of approximately 5.80% to 96.70%, with the mean at discount of approximately 56.15%. The discount of the Subscription Price of the Rights Issue to the closing price of the Shares on the Last Trading Day is approximately 82.88%, which represents a higher discount than the mean but falls within the range of the Market Comparables; and (ii) the subscription prices to the theoretical ex-rights prices based on the last trading day prior to the dates of announcement in relation to the Market Comparables ranged from a discount of 5.40% to 72.50%, with the mean at discount of approximately 33.02%. The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share of approximately 34.90%, based on the closing price of the Shares on the Last Trading Day, represents a higher discount than the mean but falls within the range of the Market Comparables.

Set out below are the graph of daily closing price (after adjusted the effect of share consolidation and capital reorganisation in March 2011) and the table of historical trading volume of the Shares under the Review Period:



Source: the Stock Exchange

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	Total trading volume of the Shares in each month <i>(Number of Shares)</i>	Average daily trading volume of the Shares in each month <i>(Number of Shares)</i>	Average daily trading volume of the Shares in each month to the total number of Shares in issue at the end of each month <i>(%) (Note 1)</i>
2010			
October <i>(Note 2)</i>	724,650,214	45,290,638	3.67%
November	1,174,272,429	53,376,020	3.61%
December	524,269,068	23,830,412	1.61%
2011			
January	501,529,799	23,882,371	1.61%
February	467,306,184	25,961,455	1.75%
March <i>(Note 3)</i>	615,206,140	26,748,093	4.31%
April <i>(Note 4)</i>	65,281,695	13,056,339	4.41%

Source: the Stock Exchange

Notes:

1. Calculated based on the number of Shares in issue at the end of each month.
2. Since the start of Review Period, 8 October 2010.
3. The average daily trading volume of the Share is in weighted average which take into account of the share consolidation effective from 17 March 2011.
4. Up to and including the Last Trading Day, 8 April 2011.

We noted that the daily closing price of the Shares has experienced a downward trend during the Review Period and the Subscription Price represents a discount over the closing price of the Shares throughout the Review Period. The closing prices of the Shares varied within a range between HK\$0.55 per Share and HK\$1.235 per Share which were above the Subscription Price of HK\$0.125 per Rights Share at all times during the Review Period. The Shares are closed at HK\$0.265 per Share as at the Latest Practicable Date. Moreover, it is noted that the general market practice for rights issue transactions by companies listed in Hong Kong is to issue rights shares at a discount to the prevailing market price of their respective shares.

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In addition, the average daily trading volume of the Shares during the Review Period were relatively thin, representing less than 5% of the total Shares in issue at the end of each month. We are of the view that the liquidity in trading of the Shares under the Review Period is thin during the Review Period. During the Review Period, the highest daily average trading volume of the Shares to the total number of Shares in issue was approximately 4.41% in April 2011 and the lowest daily average trading volume of the Shares to the total number of Shares in issue at the end of each month were approximately 1.61% (before share consolidation) in December 2010 and January 2011.

In order to increase the attractiveness of a rights issue exercise, it is the market practice that the subscription price of a rights issue represents a discount to the prevailing market price of the relevant share. Hence, the fact that the Subscription Price is lower than the prevailing market prices of the Shares is in line with the normal market practice.

We have considered (i) the downward trend in the prices of the Shares; (ii) the thin trading volume of the Shares under the Review Period; and (iii) the common practice by the Market Comparables to set their subscription prices of their rights issues at a discount rate to the prevailing market prices of the relevant shares before the relevant announcements and as such, we are of the view that the Subscription Price of the Rights Issue is in line with market practice and is fair and reasonable, and thus is in the interests of the Company and the Independent Shareholders as a whole.

4. Application for excess Rights Shares

As stated in the “Letter from the Board” in the Circular, Qualifying Shareholders will be given the right to apply, by the way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders.

Application for excess Rights Shares can be made by completing of the EAFs for application of excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a larger number of Rights Shares) and with board lot allocations to be made on a best effort basis.

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Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation for the excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

After reviewing the circulars of the Market Comparables, we noted that the above practices are in line with market practice. Based on the foregoing, we are of the view that such arrangement is fair and reasonable to the Company and the Independent Shareholders as a whole.

5. *Underwriting Agreement*

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite to the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not less than 2,368,559,728 Rights Shares and not more than 3,079,127,640 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

Each of the Underwriters, namely Chung Nam Securities Limited (the “Lead Underwriter”), Get Nice Securities Limited and Emperor Securities Limited (the “Co-Underwriters”), has several (but not joint and several) obligations to underwrite $33\frac{1}{3}\%$ (rounded down to nearest board lot) of the total number of Rights Shares. Provided that the remainder of (i) the total number of Shares to be underwritten less (ii) the total number of Rights Shares to be taken up by the Lead Underwriter, Get Nice Securities Limited and Emperor Securities Limited as calculated above will be taken up by the Lead Underwriter.

In addition, based on the Underwriting Agreement, the Company will pay the Underwriters an overall underwriting commission of 2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date. The Market Comparables showed a range of nil to 3% of underwriting commission with a mean of 1.97%. On this basis, we noted the underwriting commission charged by the Underwriters to the Company is higher than the mean but still within the range of the Market Comparables. As such, we are of the view that the underwriting commission charged by the Underwriters is under normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

6. *Termination of the Underwriting Agreement*

It should also be noted that the Rights Issue would not proceed if the Underwriters exercise their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriters such termination rights are included in the “Letter from the Board” in the Circular. After reviewing the circulars of the Market Comparables, we consider such provisions are on normal commercial terms and in line with the market practice.

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7. Dilution effect of the Rights Issue on shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

For those Qualifying Shareholders who do not exercise their rights to subscribe for the Rights Shares in full, depending on the extent that they accept their entitlements, their shareholding interests will be diluted respectively which depend on the assumption set out below. However, it should be noted that such Shareholders will have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares (the “Nil-Paid Rights”) in the market during the dealing of Nil-Paid Rights on the Stock Exchange, subject to the then prevailing market conditions.

Meanwhile, Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional Nil-Paid Rights in the market. The Qualifying Shareholders may also apply for excess Rights Shares.

We are of the view that the arrangement for the Rights Issue is in line with recent market practice for rights issue and is able to cater for different objectives for the Qualifying Shareholders.

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue and (i) assuming no issue of new Shares on or before the Record Date; and (ii) assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date:

LETTER FROM VINCO CAPITAL

Scenario 1:

Assuming no issue of new Shares on or before the Record Date:

	Immediately after completion of the Rights Issue					
	As at the Latest Practicable Date		Assuming all Shareholders take up all the Rights Shares at HK\$0.125 each		Assuming the Underwriters underwrite all Shareholders' portion of the Rights Shares at HK\$0.125 each	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Director</i>						
Dr. Chuang Yueheng Henry (Note 1)	4,670,688	1.58%	42,036,192	1.58%	4,670,688	0.18%
<i>Underwriters</i>						
Chung Nam Securities Limited (Note 2)	—	—	—	—	789,527,728	29.63%
Get Nice Securities Limited (Note 2)	—	—	—	—	789,516,000	29.63%
Emperor Securities Limited (Note 2)	—	—	—	—	789,516,000	29.63%
Underwriters subtotal	—	—	—	—	2,368,559,728	88.89%
Other public Shareholders	<u>291,399,278</u>	<u>98.42%</u>	<u>2,622,593,502</u>	<u>98.42%</u>	<u>291,399,278</u>	<u>10.93%</u>
Total	<u><u>296,069,966</u></u>	<u><u>100.00%</u></u>	<u><u>2,664,629,694</u></u>	<u><u>100.00%</u></u>	<u><u>2,664,629,694</u></u>	<u><u>100.00%</u></u>

LETTER FROM VINCO CAPITAL

Scenario 2:

Assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date:

	Immediately after completion of the Rights Issue					
	As at the date of the Latest Practicable Date		Assuming all Shareholders take up all the Rights Shares at HK\$0.125 each		Assuming the Underwriters underwrite all Shareholders' portion of the Rights Shares at HK\$0.125 each	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Director</i>						
Dr. Chuang Yueheng Henry (<i>Note 1</i>)	4,670,688	1.58%	42,036,192	1.21%	4,670,688	0.14%
<i>Underwriters</i>						
Chung Nam Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,383,640	29.63%
Get Nice Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,372,000	29.63%
Emperor Securities Limited (<i>Note 2</i>)	—	—	—	—	1,026,372,000	29.63%
Underwriters subtotal	—	—	—	—	3,079,127,640	88.89%
New Shares issued under the Issue Mandate	—	—	532,925,937	15.39%	59,213,993	1.71%
New Shares issued upon exercise in full of Share Options granted pursuant to the Scheme Mandate Limit	—	—	266,462,964	7.69%	29,606,996	0.85%
Other public Shareholders	<u>291,399,278</u>	<u>98.42%</u>	<u>2,622,593,502</u>	<u>75.71%</u>	<u>291,399,278</u>	<u>8.41%</u>
Total	<u><u>296,069,966</u></u>	<u><u>100.00%</u></u>	<u><u>3,464,018,595</u></u>	<u><u>100.00%</u></u>	<u><u>3,464,018,595</u></u>	<u><u>100.00%</u></u>

Notes:

1. Dr. Chuang Yueheng Henry is the chairman of the Company and executive Director.

LETTER FROM VINCO CAPITAL

2. In circumstances where the Rights Issue were to become unconditional and the Underwriters were obliged to underwrite the Rights Shares in their entirety, the underwriting commitment would extend to a stake of approximately 88.89% in the share capital of the Company as enlarged by the issue of the Rights Shares. The Underwriters have undertaken with the Company that (i) each of them shall use all reasonable endeavours to procure that each of the subscribers or purchasers of Rights Shares procured by it shall be third parties independent of, not acting in concert with and not connected with the Directors, chief executive or substantial Shareholders or their respective associates; (ii) each of them shall and shall cause sub-underwriters to procure independent placees take up such number of Rights Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that each of them shall not, together with party(ies) acting in concert with each of them, hold 29.9% or more of the voting rights of the Company upon completion of the Rights Issue.
3. Each of the Underwriters has confirmed to the Company that it has entered into sub-underwriting agreements with sub-underwriters to sub-underwrite part or all of their underwriting obligations under the Underwriting Agreement, so that it will not if called upon to take up its underwriting commitment individually or together with its associates own 10% or more of the issued share capital of the Company immediately after completion of the Rights Issue. Each of the Underwriters has confirmed, to the Company, that it, the sub-underwriters and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Independent Shareholders who are Qualifying Shareholders should note that, should they decide to subscribe for their full provisional allotment entitlements of the Rights Shares, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Independent Shareholders' attention to the fact that, for those Independent Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares, their corresponding shareholding interests in the Company will be diluted. In case all the Qualifying Shareholders (other than the Underwriters) decide not to take up their provisional allotment entitlements of the Rights Issue and the Underwriters have taken up all the provisional allotments in their capacity as the Underwriters, the percentage of shareholding of the other public Shareholders will be reduced from approximately 98.42% to approximately 10.93% in case of no issue of new Shares on or before the Record Date as shown in Scenario 1 or to approximately 8.41% in case of full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date as shown in Scenario 2.

We are of the view that the dilution effect is not prejudicial to the Independent Shareholders' shareholding interests in the Company if they choose to subscribe for their full provisional allotment entitlements of the Rights Shares under the Rights Issue.

8. *Arrangement of the Overseas Shareholders*

We have reviewed the arrangements of the Overseas Shareholders regarding the Rights Issue. We noted that if, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be available to such Overseas Shareholders.

LETTER FROM VINCO CAPITAL

We also noted that according to the register of members of the Company as at the Latest Practicable Date, there are three Overseas Shareholders with address in Macau. The Company has been advised by its Macau legal advisers that there is no legal restriction regarding the offer of the Rights Issue to the Overseas Shareholders with registered addresses in Macau under the applicable legislation of the relevant jurisdiction or requirement of any regulatory body or stock exchange. Therefore, the Directors have decided to extend the Rights Issue to Overseas Shareholders with registered addresses in Macau and Prospectus Documents will be sent to the such Overseas Shareholders.

9. *Financial effects of the Rights Issue*

a) *Net assets value*

With reference to the Annual Report, the audited net assets value of the Group was approximately HK\$1,989 million as at 31 December 2010. After taking into account the net proceeds from the Rights Issue, the net assets value of the Group will be increased by not less than approximately HK\$285.50 million and not more than HK\$372.20 million. We noted that the proposed Rights Issue would enhance the net assets value of the Group. However, the Independent Shareholders should note that the total number of Shares after the Rights Issue shall be increased from 296,069,966 Shares to not less than 2,664,629,694 Shares and not more than 3,464,018,595 Shares. Thus the net assets value per share as at 31 December 2010 will be decreased from approximately HK\$1.34 to approximately HK\$0.85 (assuming no issue of new Shares on or before the Record Date) or to approximately HK\$0.68 (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit and no other issue of new Shares on or before the Record Date).

b) *Gearing ratio (net borrowings / total equity)*

According to the Annual Report, the gearing ratio of the Group as at 31 December 2010 was nil. Immediately after completion of the Rights Issue, the net borrowings of the Group and the total equity of the Group would be respectively decreased and increased by not less than approximately HK\$285.50 million to not more than HK\$372.20 million. Hence, the gearing ratio of the Group would still be nil as a result of the Rights Issue.

c) *Working capital*

With reference to the Annual Report, the working capital of the Group was approximately HK\$1,370 million as at 31 December 2010. Immediately after completion of the Rights Issue, the working capital of the Group would be increased by not less than approximately HK\$285.50 million and not more than HK\$372.20 million. In this regard, we are of the view that the Rights Issue will improve the liquidity position of the Group.

Based on the foregoing, the Rights Issue will enhance the net assets value of the Group and improve the liquidity position of the Group. Hence, we are of the view that the Rights Issue is in the interest of the Company and the Independent Shareholders as a whole.

LETTER FROM VINCO CAPITAL

D. CONCLUSION

Having taken into consideration of the above principal factors and reasons, we are of the view that the terms of Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years ended 31 December 2008 (pages 38 to 121), 2009 (pages 34 to 142) and 2010 (pages 29 to 146) respectively, which are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.willie273.com). The auditor's reports as set out in the annual reports of the Group for the year ended 31 December 2008, 31 December 2009 and 31 December 2010 were unqualified.

2. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present financial resources, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

3. INDEBTEDNESS STATEMENT

At the close of business on 31 March 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had pledged all its investments held for trading to secure certain margin financing and credit facilities amounting to HK\$466,414,000 obtained from certain financial institutions and securities brokers, of which HK\$6,250 of these facilities was utilised as at 31 March 2011.

The Group had provided corporate guarantees for banking facilities amounting to HK\$349,797,000 granted to its associates, of which HK\$301,899,000 of these facilities was utilised as at 31 March 2011.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, as at the close of business on 31 March 2011, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

Save as aforesaid, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2011.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS**Business Review**

Year 2010 was mixed with challenges and opportunities to the Group. Major lines of business of the Group operated under different economic environments and achieved different results.

Hit by global worries about Europe's sovereign debt crisis, currency woes and geopolitical tension in North-South Korea despite subsequently rejuvenated by QE2 from the Fed, the securities market was volatile in year 2010. The securities trading segment reported a loss of approximately HK\$100 million for the year ended 31 December 2010 (the "Year") as a result of net fair value losses for securities held and not yet sold at the year end.

Fueled by excessive liquidity and exceptionally low interest rates, the property investment segment continued to contribute a positive return of approximately HK\$73 million arising from the net fair value gains on investment properties. By consolidating the property portfolio with higher quality properties and investment potential, the Group acquired the entire 21st and 23rd floor of China United Centre in North Point, a residential property in Pinewood Garden and a rural land in Australia and disposed of its sole commercial premise in the PRC. The Group also grasped the property market boom to materialise the capital appreciation by selling three luxury properties in Hong Kong Island. All the considerations were satisfied by cash with the exception of the PRC property which was satisfied by consideration shares.

Provision of financial services maintained a stable interest income and earned a profit of approximately HK\$28 million of which approximately HK\$16 million came from the reversal of previous allowance for doubtful debts.

The Group has investment in associated companies with principal business in investment in properties, money lending and securities trading. They recorded loss results in year 2010 and the share of associates' losses attributable to the Group was approximately HK\$85 million.

Year in Review and Prospect

2010 was anything but a "normal" year. It is a year full of disasters and major catastrophes, both natural and man-made. Major disasters such as the earthquake that hit Haiti in January killed more than 220,000 people, the Russian heat wave and fire that destroyed a third of the country's wheat supply, and the flooding in Pakistan that rendered almost one-fifth of the country's total land area underwater to name a few. Not to mention the earthquake in Qinghai province in China, the volcano explosion in Iceland, the severe flooding in Tennessee and Mississippi in USA, and the drought that hit much of the farmland of North China Plain. On top of that, we have witnessed the worst oil spill in the US history, the BP Mexican Gulf oil spill.

2011 greeted us with the severe snow storm that covered much of New York and many parts of Europe that essentially put a halt to air traffic, then we watched in disbelief on our television set of the devastated earthquake and the subsequent tsunami that affected the Sendai area in Japan and cast the whole world into fear of radiation contamination and a nuclear meltdown.

Towards the end of the Year and into the beginning of 2011, political unrest, protests, and revolution started in Tunisia which resulted in the president going into exile. But that momentum has not stopped, soon it spread to Egypt, Libya, Bahrain, and even attempted protests in China.

In the midst of all these disasters and political unrests, commodity prices have rocketed with many reaching new highs. Oil price is again hovering around US\$100 per barrel. Inflation is inevitable and is putting a damper on the economic recoveries of many countries.

Here at home, we too are faced with inflation and with rising prices on essentials such as food and housing. We have seen local protests on taxes, educational systems, elderly allowance, minimum wages, subsidised housing development, sports funding etc. and even to the extent of calling for the resignations of certain government officials. In fact, we have so many protests, large or small, that seem like it is becoming an event every Sunday. We have political factions that scream and toss unwarranted objects at each other during legislative sessions. Perhaps that is just the public's way of venting their frustrations and keeping the politicians on their toes.

It may have sounded like that the end of the world is coming soon as depicted in the movie "2012". That is not the case. Surely the economy will recover slower than we originally anticipated and surely there are still "great uncertainties", but tomorrow is always "uncertain". As said in our 2008 annual report, "Hong Kong has seen its political and financial crisis in the past, but our people have always stood up to the challenge.....and achieve sustainable development". We have gone through the 1997 Handover and the real estate crash, we have gone through SARS, and the global financial tsunami, and yet we have a government awash in fiscal surplus, so much so that it is giving HK\$24 billion back to its residents.

We have talked about a "conservative approach" in the last few years, but we think that the time is right that we employ a more aggressive approach to investing. We feel an abundance of opportunities. During the past few months, we have been approached with more investment proposals than we have seen for a long time and many of which warrant further studies and evaluations. There are proposals on oil and gas projects, coal mining projects, environmental or alternative energy projects such as solar energy and fuel saving devices, as well as other mining projects in emerald, gold, copper etc. and there are also real estate projects and other finance proposals. We have evaluated projects from as close as home to as far as the African continent. The Company is strong in liquidity and the timing is right to capture investment opportunities that can enhance the shareholders' return.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an unaudited pro forma statement of consolidated net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue as if they had been undertaken and completed on 31 December 2010. This statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Group on the completion of the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2010	Estimated net proceeds from the Rights Issue (Note iv and v) HK\$'000	Unaudited pro forma consolidated net tangible assets of the Group attributable to the Shareholders after the Rights Issue HK\$'000	Audited consolidated net tangible assets per share as at 31 December 2010 HK\$	Unaudited pro forma consolidated net tangible assets per Share after the Rights Issue HK\$
Rights Issue of 2,368,559,728					
Rights Shares (<i>Note i</i>)	1,988,636	285,500	2,274,136	1.34	0.85
Rights Issue of 3,079,127,640					
Rights Shares (<i>Note ii</i>)	1,988,636	372,200	2,360,836	1.34	0.68

Notes:

- (i) *The Rights Issue of 2,368,559,728 Rights Shares is based on 296,069,966 Shares held on the Record Date assuming no issue of new Shares on or before the Record Date.*
- (ii) *The Rights Issue of 3,079,127,640 Rights Shares is based on 384,890,955 Shares held on the Record Date assuming full utilisation of the Issue Mandate up to 59,213,993 additional Shares and the Scheme Mandate Limit up to 29,606,996 additional shares as approved by the extraordinary general meeting on 24 December 2010 and were adjusted on 17 March 2011 upon the capital reorganisation becoming effective, details of which are set out in the Company's circular dated 14 February 2011 and no other issue of new Shares on or before the Record Date.*
- (iii) *The audited consolidated net tangible assets of the Group attributable to the Shareholders as at 31 December 2010 is extracted from the 2010 audited consolidated financial statements of the Company.*
- (iv) *As (i) the exercise price of the share options to be granted under the Scheme Mandate Limit is subject to the then market prices of the Share; and (ii) the determination of the subscription and/or placing price of the Shares to be issued under the Issue Mandate is also subject to the then market prices of the Share and arm's length negotiation between the Company and/or the relevant placing agent/subscriber(s), uncertainties resulting from the aforementioned factors make it impracticable for the Company to estimate the proceeds arising from the issue of new Shares under the Issue Mandate and the Scheme Mandate Limit. No adjustment has been made to reflect such proceeds.*

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (v) *The estimated net proceeds from the Rights Issue of 2,368,559,728 Rights Shares and 3,079,127,640 Rights Shares are calculated on its respective Rights Shares to be issued at the Subscription Price of HK\$0.125 per Rights Share, after the deduction of the estimated related expenses of approximately HK\$10,570,000 and HK\$12,690,000 respectively.*
- (vi) *The calculation of the audited consolidated net tangible assets per share is based on 1,480,349,830 shares in issue as at 31 December 2010.*
- (vii) *The calculation of the unaudited pro forma consolidated net tangible assets per Share after the Rights Issue is based on (a) 2,664,629,694 Shares which represent the sum of 296,069,966 Shares adjusted on 17 March 2011 upon the capital reorganisation becoming effective and 2,368,559,728 Rights Shares expected to be issued on the completion of the Rights Issue assuming no issue of new Shares on or before the Record Date; and (b) 3,464,018,595 Shares which represent the sum of 384,890,955 Shares and 3,079,127,640 Rights Shares expected to be issued on the completion of the Rights Issue assuming full utilisation of the Issue Mandate up to 59,213,993 additional Shares and the Scheme Mandate Limit up to 29,606,996 additional shares as approved by the extraordinary general meeting on 24 December 2010 and were adjusted on 17 March 2011 upon the capital reorganisation becoming effective and no other issue of new Shares on or before the Record Date.*
- (viii) *No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2010.*

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

2. LETTER ON THE UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the auditor of the Company, Mazars CPA Limited, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.



MAZARS CPA LIMITED

瑪澤會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓

13 May 2011

The Directors
Willie International Holdings Limited
32nd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Willie International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 49 to 50 under the heading of “Unaudited pro forma statement of consolidated net tangible assets of the Group” of the Company’s circular dated 13 May 2011 (the “Circular”) in connection with the proposed rights issue (the “Rights Issue”) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The unaudited pro forma financial information has been prepared by the directors of the Company (the “Directors”) for illustrative purposes only to provide information about how the Rights Issue might have affected the financial information of the Group as at 31 December 2010. The basis of preparation of the pro forma financial information is set out on pages 49 to 50 to the Circular.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2010 or any future date.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited

Certified Public Accountants

Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the Capital Increase becoming effective and completion of the Rights Issue (assuming no issue of new Shares on or before the Record Date); and (iii) immediately following the Capital Increase becoming effective and completion of the Rights Issue (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date) were as follows:

(i) As at the Latest Practicable Date

	<i>HK\$</i>
<i>Authorised:</i>	
<u>2,000,000,000</u> Shares	<u>20,000,000.00</u>
<i>Issued and fully paid:</i>	
<u>296,069,966</u> Shares	<u>2,960,699.66</u>

(ii) Immediately following the Capital Increase becoming effective and completion of the Rights Issue (assuming no issue of new Shares on or before the Record Date)

HK\$

Authorised:

<u>10,000,000,000</u>	Shares immediately after the Capital Increase becoming effective	<u>100,000,000.00</u>
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Issued and to be issued:

296,069,966	Shares in issue immediately after the Capital Increase becoming effective but before completion of the Rights Issue	2,960,699.66
<u>2,368,559,728</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>23,685,597.28</u>
<u>2,664,629,694</u>	Shares in issue immediately after completion of the Rights Issue	<u>26,646,296.94</u>

(iii) Immediately following the Capital Increase becoming effective and completion of the Rights Issue (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date)

HK\$

Authorised:

<u>10,000,000,000</u>	Shares immediately after the Capital Increase becoming effective	<u>100,000,000.00</u>
-----------------------	--	-----------------------

Issued and to be issued:

384,890,955	Shares in issue immediately after the Capital Increase becoming effective but before completion of the Rights Issue	3,848,909.55
<u>3,079,127,640</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>30,791,276.40</u>
<u>3,464,018,595</u>	Shares in issue immediately after completion of the Rights Issue	<u>34,640,185.95</u>

All the Rights Shares to be issued will rank pari passu with the Shares then in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company has no outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Dr. Chuang Yueheng Henry	Beneficial owner	4,670,688	1.58%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the Shares

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Chung Nam Securities Limited (Note 3)	Beneficial owner	1,026,383,640 (Note 1)	29.63% (Note 2)
Get Nice Holdings Limited (Note 4)	Interest of controlled corporations	1,026,372,000 (Note 1)	29.63% (Note 2)
Get Nice Incorporated (Note 4)	Interest of controlled corporations	1,026,372,000 (Note 1)	29.63% (Note 2)
Get Nice Securities Limited (Note 4)	Beneficial owner	1,026,372,000 (Note 1)	29.63% (Note 2)
Emperor Capital Group Limited (Note 5)	Interest of controlled corporations	1,026,372,000 (Note 1)	29.63% (Note 2)
Million Way Holdings Limited (Note 5)	Interest of controlled corporations	1,026,372,000 (Note 1)	29.63% (Note 2)
STC International Limited (Note 5)	Trustee	1,026,372,000 (Note 1)	29.63% (Note 2)
Yeung Sau Shing Albert (Note 5)	Founder of a discretionary trust	1,026,372,000 (Note 1)	29.63% (Note 2)
Luk Siu Man Semon (Note 5)	Interest of a substantial shareholder's spouse	1,026,372,000 (Note 1)	29.63% (Note 2)

Notes:

1. These are the Rights Shares which the relevant Underwriter has underwritten in respect of the Rights Issue (assuming full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date).
2. The percentage of shareholding in the Company is calculated on the assumption that the Rights Issue is completed on the basis that full utilisation of the Issue Mandate, full exercise of the subscription rights attaching to the maximum number of Share Options to be granted pursuant to the Scheme Mandate Limit, and no other issue of new Shares on or before the Record Date.
3. This represents the Rights Shares which the Directors are aware that Chung Nam Securities Limited has obliged to underwrite under the Underwriting Agreement.
4. Based on the filings under the SFO, Get Nice Securities Limited is wholly-owned by Get Nice Incorporated, which in turn is wholly-owned by Get Nice Holdings Limited.

5. Based on the filings made under the SFO, Emperor Securities Limited is indirectly wholly owned by Emperor Capital Group Limited, which in turn is indirectly held as to 47.9% by Million Way Holdings Limited. Million Way Holdings Limited is wholly owned by STC International Limited. STC International Limited is the trustee of The Albert Yeung Discretionary Trust. Dr. Yeung Sau Sing Albert is the founder of The Albert Yeung Discretionary Trust. Luk Siu Man, Semon is the spouse of Dr. Yeung Sau Sing Albert.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERSETS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.
- (ii) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERTS

The following are the qualification of the experts who have given their opinion or advice contained in this circular:

Name	Qualification
Vinco Capital	a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Mazars CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter or report and references to its name in the form and context in which they appear.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and are or may be material:

- (i) on 12 May 2009, Popovic Investments Limited, a then wholly-owned subsidiary of the Company as the vendor and Marvel Century Limited as the purchaser entered into a share purchase agreement for the disposal by Popovic Investments Limited of the entire issued share capital of Richful Zone International Limited at a consideration of HK\$130 million which was satisfied by the issue of convertible bond by Mascotte Holdings Limited;
- (ii) on 3 June 2009, Heritage International Holdings Limited, as the assignor, Coupeville Limited, as the assignee, and Double Smart Finance Limited entered into a deed of assignment pursuant to which Heritage International Holdings Limited agreed to transfer and assign the loan of HK\$377,763,142.08 owed by Double Smart Finance Limited to Coupeville Limited;
- (iii) on 3 June 2009, Coupeville Limited, as the assignor, Best Purpose Limited, as the assignee, and Double Smart Finance Limited entered into a deed of assignment pursuant to which Coupeville Limited agreed to transfer and assign the loan of HK\$377,763,142.08 owed by Double Smart Finance Limited to Best Purpose Limited;
- (iv) on 8 June 2009, Welltodo Investments Limited, a then wholly-owned subsidiary of the Company as the purchaser and Coupeville Limited as the vendor entered into a share purchase agreement for the purchase of two shares representing 50% of the issued share capital of Best Purpose Limited at a consideration of HK\$180 million which was satisfied by the issue of convertible note by the Company;

- (v) on 19 June 2009, the Company and Chung Nam Securities Limited (“Placing Agent”) entered into a placing agreement in relation to the placing on best effort basis by the Placing Agent of convertibles notes up to an aggregate principal amount of HK\$600 million and up to 600,000,000 placing shares at HK\$1.00 per share (“June Placing Agreement”);
- (vi) on 22 June 2009, International Stamps & Coins Exchange Gallery Limited, a then wholly-owned subsidiary of the Company as the vendor, and Cheung Chi Kei and Chow Pui Ying as the purchasers entered into a formal agreement for sale and purchase for the disposal by International Stamps & Coins Exchange Gallery Limited of a property known as Flat C8, 26th Floor, Block C, Elizabeth House, Nos. 250 - 254 Gloucester Road, Causeway Bay, Hong Kong at a consideration of HK\$6 million by cash;
- (vii) on 8 July 2009, the Company and Kingston Securities Limited entered into a placing agreement in relation to the placing of 77,990,000 new shares of the Company at HK\$1.00 per share on a fully underwritten basis;
- (viii) on 14 August 2009, Pearl Decade Limited, a wholly-owned subsidiary of the Company as the vendor and Dollar Group Limited as the purchaser entered into a sale and purchase agreement evidenced by contract notes and transfer documents for the disposal of a convertible bond in the aggregate principal amount of HK\$20,000,000 convertible into shares in Mascotte Holdings Limited at a conversion price of HK\$0.50 per share for a consideration of HK\$45,000,000 by cash;
- (ix) on 30 September 2009, Ms. Lo Ki Yan, Karen as the guarantor for the subscriber, Ristora Investments Limited as the subscriber and Cordoba Homes Limited (“Cordoba”) entered into a subscription agreement pursuant to which Ristora Investments Limited agreed to subscribe for 750,000,000 new shares in Cordoba for an aggregate consideration of HK\$450 million by cash (as amended by a supplemental agreement dated 16 March 2010 and a consent dated 15 September 2010);
- (x) on 6 October 2009, the Company and Cordoba entered into an agreement relating to the subscription of a non-interest bearing redeemable convertible note in a principal amount of HK\$120 million issued by Cordoba to the Company convertible into shares in Cordoba at a conversion price of HK\$0.60 per share;
- (xi) on 27 November 2009, Poly Logic Limited, a then wholly-owned subsidiary of the Company as the purchaser and Get Rich Enterprises Limited as the vendor entered into a formal agreement for sale and purchase for the acquisition by Poly Logic Limited of a property known as 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at a consideration of HK\$58,172,400 by cash;
- (xii) on 28 December 2009, the Company and the Placing Agent entered into a termination agreement in relation to the June Placing Agreement;
- (xiii) on 28 December 2009, the Company and the Placing Agent entered into a placing agreement in relation to the placing of 200,000,000 new shares of the Company at HK\$0.45 per share on a fully underwritten basis;

- (xiv) on 24 March 2010, Grace Shine Investments Limited, a then indirect non wholly-owned subsidiary of the Company as the vendor and Forefront Group Limited as the purchaser entered into a conditional agreement for the disposal of the entire issued share capital of Perfect Time Investments Limited and the shareholder's loan extended to Perfect Time Investments Limited at a consideration of HK\$100 million which was satisfied by issue of 400,000,000 ordinary shares by Forefront Group Limited;
- (xv) on 17 May 2010, Apple Worth Limited, a then indirect non wholly-owned subsidiary of the Company as the purchaser and Future Master Investments Limited as the vendor entered into a conditional agreement for the acquisition by Apple Worth Limited of the entire issued share capital of Sunny Soar Investments Limited and the shareholder's loan extended to Sunny Soar Investments Limited at a consideration of HK\$52 million by cash;
- (xvi) on 9 June 2010, the Company and Get Nice Securities Limited entered into a placing agreement in relation to the placing of a maximum of 171,437,476 new shares of the Company at HK\$0.255 per share on a best effort basis;
- (xvii) on 18 June 2010, Perfectday Investments Limited, a then indirect non wholly-owned subsidiary of the Company as the purchaser and C.J.N Bloodstock Pty. Limited as the vendor entered into an agreement for sale and purchase for the acquisition by Perfectday Investments Limited of a parcel of rural land in Australia with the address known as The Hermitage, 130 Hermitage Road, The Oaks 2570, New South Wales, Australia at a consideration of AUD\$3,680,000 (equivalent to HK\$25,208,000 based on AUD\$1 = HK\$6.85 for illustration purpose) by cash;
- (xviii) on 21 June 2010, Portstar Investments Limited, a then indirect non wholly-owned subsidiary of the Company as the vendor and Ms. Kam Hong Ieng as the purchaser entered into an agreement for sale and purchase for the disposal by Portstar Investments Limited of a property known as Flat A, 39th Floor, Tower 5 and Car Parking Space L7-61, Bel-Air No.8, Bel-Air on the Peak, Island South, No. 8 Bel-Air Peak Avenue, Hong Kong at a consideration of HK\$20,800,000 by cash;
- (xix) on 22 June 2010, Grace Shine Investments Limited, a then indirect non wholly-owned subsidiary of the Company as the purchaser and Continental Manor Limited as the vendor entered into the agreement for sale and purchase for the acquisition by Grace Shine Investments Limited of a property known as Flat D, 2nd Floor and Car Parking Space No.18, Pinewood Garden, No.39 Perkins Road, Hong Kong at a consideration of HK\$16,100,000 by cash;
- (xx) on 22 June 2010, Cordoba Homes Finance Limited, a then indirect non wholly-owned subsidiary of the Company as the lender and Sun Chung Nam Finance Limited as the borrower entered into a loan agreement for the provision of a revolving loan with the principal amount of HK\$50 million for a twelve-month period at the best lending rate plus 2% per annum by Cordoba Homes Finance Limited to Sun Chung Nam Finance Limited for its general working capital purpose;

- (xxi) on 3 August 2010, the Company and the Placing Agent entered into a placing agreement in relation to the placing of a maximum of 205,724,971 new shares of the Company at HK\$0.165 per share on a best effort basis;
- (xxii) on 19 August 2010, Cordoba, a then non wholly-owned subsidiary of the Company, as the vendor and a third party individual as the purchaser entered into a conditional agreement for the disposal by Cordoba of the entire issued share capital of Winport Limited and the shareholder's loan extended to Winport Limited at a consideration of HK\$36 million by cash;
- (xxiii) on 28 September 2010, Apex Novel Limited, a then indirect non wholly-owned subsidiary of the Company as the vendor and Cassia Hill Limited as a purchaser entered into a provisional agreement for sale and purchase for the acquisition by Cassia Hill Limited of a property known as Unit 1 (also known as House No. A), Sunshine Villa, No.48 Mount Kellett Road, Hong Kong at a consideration of HK\$128 million by cash, and the related formal sale and purchase agreement was signed on 19 November 2010;
- (xxiv) on 22 October 2010, CW Financing Limited, a then indirect non wholly-owned subsidiary of the Company as the lender and Double Smart Finance Limited, a then associated company of the Company as the borrower entered into a loan agreement for the provision of loan with the principal amount of HK\$65 million for one year at the prime lending rate per annum by CW Financing Limited to Double Smart Finance Limited for its general working capital purpose;
- (xxv) on 29 October 2010, the Company and Kingston Securities Limited entered into a placing agreement in relation to the placing of a maximum of 246,000,000 new shares of the Company at HK\$0.18 per share on a best effort basis;
- (xxvi) on 15 November 2010, the Company entered into the sale and purchase agreement with Supreme Castle Investments Limited pursuant to which the Company agreed to dispose of a convertible note issued to it by Cordoba in the principal amount of HK\$120 million to Supreme Castle Investments Limited for a consideration of HK\$120 million in cash;
- (xxvii) on 15 November 2010, the Company entered into (i) a loan agreement with Cordoba pursuant to which the Company agreed to grant a loan of HK\$150 million ("Loan") to Cordoba for the purpose of repayment of the shareholder's loan advanced by the Company to Cordoba 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 and its subsidiaries, both effective from Cordoba ceasing to be a non wholly-owned subsidiary of the Company; and
- (xxviii) the Underwriting Agreement.

10. CORPORATION INFORMATION

Registered office and head office of the Company	32nd Floor, China United Centre 28 Marble Road North Point Hong Kong
Authorized representatives	Mr. Wong Ying Seung, Asiong Mr. Man Wai Chuen 32nd Floor, China United Centre 28 Marble Road North Point Hong Kong
Company secretary	Mr. Man Wai Chuen, <i>FCCA, CPA, FCS</i>
Legal adviser to the Company	Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road, Central Hong Kong
Auditor	Mazars CPA Limited 42nd Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Principal bankers	Chong Hing Bank Limited Ground Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong The Hong Kong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong

Share registrar and transfer office	Computershare Hong Kong Investor Services Limited <i>Transfer Office</i> Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong <i>Investor Centre</i> 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
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DIRECTORS**Particulars of Directors****Name****Address****Executive Directors****Dr. Chuang Yueheng, Henry**32nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong**Mr. Wong Ying Seung, Asiong**32nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong**Mr. King Phillip**32nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong**Mr. Wang Lin**32nd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Independent non-executive Directors

Mr. Cheung Wing Ping	32nd Floor China United Centre 28 Marble Road North Point Hong Kong
Mr. Liu Jian	32rd Floor China United Centre 28 Marble Road North Point Hong Kong
Mr. Wen Louis	32nd Floor China United Centre 28 Marble Road North Point Hong Kong
Mr. Yau Yan Ming, Raymond	32nd Floor China United Centre 28 Marble Road North Point Hong Kong

Executive Directors

Dr. Chuang Yueheng, Henry, aged 55, was appointed as the Chairman of the Company in 2002. He holds Master's degrees in Petroleum Engineering and in Business Administration from the University of Southern California in the United States of America. In 2007, Dubna University of Russia awarded Dr. Chuang an Honorary Doctorate degree in Petroleum Engineering in recognition of his achievements in the field of petroleum engineering. He has over 18 years of experience in corporate finance and development. He is also the Deputy Chairman and a Non-executive Director of Mascotte Holdings Limited, a company listed on the Stock Exchange.

Mr. Wong Ying Seung, Asiong, aged 60, was appointed as a Director of the Company in 2002 and as the Vice Chairman of the Company in January 2011. He holds a Bachelor's degree in Chemical Engineering from the University of London in the United Kingdom. He has over 30 years of experience in banking and investment.

Mr. King Phillip, aged 40, was appointed as the Managing Director of the Company in 2005. He holds a Master's degree in Business Administration from the University of San Francisco in the United States of America. He has over 20 years of experience in real estate investment, management and development.

Mr. Wang Lin, aged 56, was appointed as a Director of the Company in 2006. He studied Electronics from the Yunnan Radio and TV University. He is an Economist by profession with over 30 years of experience in accounting and finance.

Independent Non-Executive Directors

Mr. Cheung Wing Ping, aged 44, was appointed as a Director of the Company in 2009. He is an accounting manager of an investment holding company and has over 20 years of experience in auditing and accounting fields. He holds a Bachelor's degree in Accountancy with honours from City University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Liu Jian, aged 42, was appointed as a Director of the Company in 2006. He holds a Bachelor's degree in Electrical Engineering from the Fudan University, Shanghai in the PRC as well as a Master's degree in Chinese Law from the Jilin University in the PRC. He is a Senior Economist by profession and has over 18 years of experience in corporate finance and investment banking. Mr. Liu is the President of a fund management company called 京津資本文化傳媒基金管理公司.

Mr. Wen Louis, aged 76, was appointed as a Director of the Company in 2009. He holds a Bachelor's degree in Engineering from the City University of New York. He has an extensive experience in engineering, marketing and advertising in the United States of America where he held senior positions in J. Walter Thompson Co. and Dow Jones International Marketing Services for a number of years. He is an Executive Director of Forefront Group Limited, a company listed on the Stock Exchange.

Mr. Yau Yan Ming, Raymond, aged 43, was appointed as a Director of the Company in 2006. He holds a Master's degree in Science majoring in Japanese business studies and Bachelor's degree in Business Administration majoring in accounting in the United States of America. He is a Certified Public Accountants both in Hong Kong and in the United States of America and is also a Certified Tax Adviser in Hong Kong. He is also an associate member of Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants and also a fellow member of The Taxation Institute of Hong Kong. He has over 14 years of working experience in the areas of auditing, accounting, taxation, company secretarial, corporate finance and financial management. He is a Chairman and Executive Director of iMerchants Limited and an Independent Non-executive Director of Birmingham International Holdings Limited, both are publicly listed companies in Hong Kong.

11. MISCELLANEOUS

The English text of this circular shall prevail over their Chinese text in case of inconsistencies.

12. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$10.57 million on the basis of 2,368,559,728 Rights Shares to be issued or approximately HK\$12.69 million on the basis of 3,079,127,640 Rights Shares to be issued, and will be payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 32nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 of the Company;
- (c) the letter of advice from Vinco Capital, the text of which is set out on pages 25 to 45 of this circular;
- (d) the letter on the unaudited pro forma financial information of the Group issued by Mazars CPA Limited set out in appendix II to this circular;
- (e) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix; and
- (f) the written consent referred to in the paragraph under the heading “Experts” in this Appendix.

NOTICE OF EGM



Willie International Holdings Limited

威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Willie International Holdings Limited (the “**Company**”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. on Monday, 30 May 2011 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions:-

ORDINARY RESOLUTIONS

1. “**THAT** the authorised share capital of the Company to be increased from HK\$20,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.01 each (the “**Shares**”) to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 new Shares (the “**Capital Increase**”) ranking pari passu in all respects with the existing Shares.”
2. “**THAT** conditional upon (i) the Capital Increase referred to in the resolution numbered 1 of the notice convening this meeting becoming effective and; (ii) the fulfillment of the conditions in the underwriting agreement dated 8 April 2011 (as amended by a supplemental agreement dated 6 May 2011) (the “**Underwriting Agreement**”) entered into between Chung Nam Securities Limited, Get Nice Securities Limited and Emperor Securities Limited (the “**Underwriters**”) and the Company in relation to the Rights Issue (as defined in paragraph (b) below), a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification:-
 - (a) the Underwriting Agreement be and is hereby approved, confirmed and ratified and any Director be and is hereby authorised to do such acts or execute such documents which may be necessary, appropriate, desirable or expedient in his opinion to carry into effect or to give effect to the terms of the Underwriting Agreement;
 - (b) the allotment and issue of not less than 2,368,559,728 and not more than 3,079,127,640 Shares as defined in the resolution numbered 1 of the notice convening the Meeting (“**Rights Shares**”) pursuant to an offer by way of rights to holders of Shares at HK\$0.125 per Rights Share in the proportion of eight Rights Shares for every Share held (the “**Rights Issue**”) by holders of Shares (the “**Shareholders**”) whose names appear on the register of members of the Company on 30 May 2011 (or such other date as Chung Nam Securities Limited (on behalf of the Underwriters) may be agree in writing with the Company) (the “**Record Date**”) other than those Shareholders whose addresses on the register of members of the Company are outside Hong Kong on the Record Date and whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place (the “**Non-Qualifying Shareholders**”), on and subject to the terms

NOTICE OF EGM

and conditions set out in a circular to the Shareholders in respect of the Rights Issue dated 13 May 2011 (the “**Circular**”) (a copy of which having been produced to this meeting and marked “B” and initialled by the chairman of the Meeting for the purpose of identification) and on such other terms and conditions as may be determined by the directors of the Company be and is hereby approved provided that (i) fractional entitlements (if any) shall not be issued to the Shareholders otherwise entitled thereto but shall be aggregated and sold if a premium net of expenses could be obtained for the benefit of the Company; (ii) no Rights Shares shall be offered to Non-Qualifying Shareholders and the Rights Shares which would otherwise have been offered to them shall be sold if a premium net of expenses is obtained and to the extent that such rights can be sold, the net proceeds of such sale (after deducting the expenses of sale) be distributed to the Non-Qualifying Shareholders pro rata to their holding of shares provided further that individual amounts of HK\$100 or less shall be retained for the benefit of the Company; and (iii) to the extent that the Rights Shares referred to in (i) and (ii) above are not sold as aforesaid, such Rights Shares together with any Rights Shares provisionally allotted but not accepted shall be offered for application under forms of application for excess Rights Shares; and

- (c) any one director of the Company be and is hereby authorised to issue and allot the Rights Shares on terms as set out in the Circular and to do all such acts and things, to sign and execute all such further documents and to take such steps as the directors of the Company may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Underwriting Agreement and/or the Rights Issue and any of the transactions contemplated thereunder.”

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

Hong Kong, 13 May 2011

Notes:

- (1) A form of proxy to be used for the Meeting is enclosed herewith.
- (2) Any member of the Company entitled to attend and vote at the Meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- (3) To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

NOTICE OF EGM

- (4) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of that power or authority must be deposited at office of the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjourned meeting, and in default the instrument of proxy shall not be treated as valid.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose names stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

At at the date of this notice, the Directors are as follows:

Executive Directors:

Dr. Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. King Phillip
Mr. Wang Lin

Independent Non-Executive Directors:

Mr. Cheung Wing Ping
Mr. Liu Jian
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond