
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Willie International Holdings Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker 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)

- (1) PROPOSED CAPITAL REORGANISATION;**
 - (2) CHANGE IN BOARD LOT SIZE;**
 - (3) PROPOSED FURTHER CAPITAL REDUCTION;**
 - (4) PROPOSAL FOR THE GRANTING OF SPECIFIC MANDATE TO ISSUE SHARES IN RELATION TO THE SHARE SUBSCRIPTION AGREEMENT;**
 - (5) PROPOSAL FOR THE GRANTING OF ISSUE MANDATE;**
 - (6) PROPOSAL FOR REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME;**
- AND**
- (7) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders of Willie International Holdings Limited**

VINCO

Grand Vinco Capital Limited

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

A letter from the Board is set out on pages 6 to 32 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 33 of this circular. A letter of advice from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 43 of this circular.

A notice convening the EGM to be held at 9:00 a.m. on Thursday, 22 December 2011 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong is set out on pages 44 to 48 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed 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 but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

30 November 2011

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EXPECTED TIMETABLE

The expected timetable for the proposed Capital Reorganisation and Change in Board Lot Size is set out below:-

2011

(Hong Kong time)

Latest time for lodging the proxy form for the EGM
(not less than 48 hours prior to time of EGM) 9:00 a.m. on Tuesday,
20 December

Expected time and date of the EGM 9:00 a.m. on Thursday,
22 December

Effective date of the Capital Reorganisation Friday, 23 December

Dealings in the Adjusted Shares commences 9:00 a.m. on Friday,
23 December

Original counter for trading in Shares (in board lot size
of 4,000 Shares) closes 9:00 a.m. on Friday,
23 December

Temporary counter for trading in the Adjusted Shares in
board lot size of 800 Adjusted Shares (in form of
existing share certificates in green colour) opens 9:00 a.m. on Friday,
23 December

Free exchange of existing share certificates for new
share certificates for the Adjusted Shares commences Friday, 23 December

2012

(Hong Kong time)

Original counter for trading in the Adjusted Shares (in
board lot size of 20,000 Adjusted Shares) re-opens 9:00 a.m. on Wednesday,
11 January

Parallel trading in the Adjusted Shares (in form of new
share certificates in brown colour and existing share
certificates in green colour) begins 9:00 a.m. on Wednesday,
11 January

EXPECTED TIMETABLE

2012
(Hong Kong time)

Designated broker starts to stand in the market to
provide matching services for the sale and purchase of
odd lots of the Adjusted Shares 9:00 a.m. on Wednesday,
11 January

Temporary counter for trading in the Adjusted Shares in
board lot size of 800 Adjusted Shares (in form of
existing share certificates in green colour) closes 4:00 p.m. on Friday,
3 February

Parallel trading in the Adjusted Shares (in form of new
share certificates in brown colour and existing share
certificates in green colour) ends 4:00 p.m. on Friday,
3 February

Designated broker ceases to stand in the market to
provide matching services for the sale and purchase of
odd lots of the Adjusted Shares 4:00 p.m. on Friday,
3 February

Free exchange of existing share certificates for new
share certificates in brown colour ends 4:00 p.m. on Tuesday,
7 February

DEFINITIONS

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

“Accumulated Losses”	the entire audited balance in the accumulated losses account of the Company as at 31 December 2010 of approximately HK\$1,322 million
“Adjusted Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Announcement”	the announcement of the Company dated 3 October 2011 in respect of, among other things, the proposed Capital Reorganisation, Change in Board Lot Size, the Further Capital Reduction and the Share Subscription Agreement
“Board”	board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the share capital of the Company including the cancellation of the paid up capital to the extent of HK\$0.008 of each Share in issue from HK\$0.01 to HK\$0.002 and the reduction of the nominal value of all the issued and unissued Shares
“Capital Reorganisation”	the Capital Reduction and the Share Consolidation
“CCASS”	The Central Clearing and Settlement System, established and operated by HKSCC
“Change in Board Lot Size”	the board lot size of the Adjusted Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 20,000 Adjusted Shares upon the Capital Reorganisation becoming effective
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 9:00 a.m. on Thursday, 22 December 2011 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong, or any adjournment thereof, notice of which is set out on pages 44 to 48 of this circular, for the purpose of approving the Capital Reorganisation, the Further Capital Reduction, the granting of the Specific Mandate to issue Shares in relation to the Share Subscription Agreement, the granting of the Issue Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme
“Freeman”	Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange with stock code of 279
“Freeman Adjusted Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of Freeman upon the Freeman Capital Reorganisation becoming effective
“Freeman Adjustment Proposal”	<p>(i) immediately following the Freeman Share Consolidation, the nominal value of each issued Freeman Consolidated Share will be reduced from par value of HK\$0.50 each to par value of HK\$0.01 each by cancellation of the paid-up capital to the extent of HK\$0.49 on each issued Freeman Consolidated Share; and</p> <p>(ii) the credit arising from such capital reduction described in paragraph (i) above will be applied to set-off the accumulated deficit of Freeman and the balance (if any) will be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of Freeman</p>
“Freeman Capital Reorganisation”	the Freeman Share Consolidation, the Freeman Adjustment Proposal and the Freeman Share Subdivision
”Freeman Completion”	the completion of the issue and allotment of the Freeman Subscription Shares pursuant to the Share Subscription Agreement
“Freeman Consolidated Share(s)”	consolidated share(s) of HK\$0.50 each in the share capital of Freeman in issue immediately following completion of the Freeman Share Consolidation but before the Freeman Adjustment Proposal
“Freeman Conditions”	the conditions precedent set out in the Share Subscription Agreement pursuant to which the Freeman Completion shall be conditional upon

DEFINITIONS

“Freeman Group”	Freeman and its subsidiaries
“Freeman Share(s)”	existing ordinary share(s) of a par value of HK\$0.10 each in the share capital of Freeman
“Freeman Share Consolidation”	the proposed consolidation of every five issued Freeman Shares of HK\$0.10 each in the share capital of Freeman into one issued Freeman Consolidated Share of HK\$0.50 each
“Freeman Share Subdivision”	the proposed share subdivision whereby each of the authorised but unissued Freeman Shares of par value of HK\$0.10 each will be subdivided into ten Freeman Adjusted Shares of a par value of HK\$0.01 each
“Freeman Subscription”	the subscription of the Freeman Subscription Shares by the Company pursuant to the Share Subscription Agreement
“Freeman Subscription Consideration”	HK\$48,079,754.55 to be satisfied by the Company for the Freeman Subscription pursuant to the Share Subscription Agreement
“Freeman Subscription Share(s)”	188,548,057 new Freeman Adjusted Shares (representing approximately 16.67% of the issued share capital of Freeman immediately after the Freeman Capital Reorganisation becoming effective and Freeman Completion) to be issued and allotted by Freeman to the Company or as it may direct, credited as fully paid at HK\$0.01 per Freeman Subscription Share
“Further Capital Reduction”	the proposed reduction of the amount standing to the credit of the Company’s share premium account to the extent of approximately HK\$1,322 million and applying the credit arising from such reduction to set off against an equal amount of the Accumulated Loss
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“High Court”	the Court of the First Instance of the High Court of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the granting of Issue Mandate

DEFINITIONS

“Independent Shareholder(s)”	any Shareholder(s) other than controlling Shareholder(s) of the Company and their associates or, if there are no controlling Shareholder(s), any Shareholder(s) other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of share capital of the Company in issue at the date of the EGM
“Latest Practicable Date”	25 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reduced Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company immediately after the Capital Reduction but before the Share Consolidation becoming effective
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every five Reduced Shares of HK\$0.002 each into one Adjusted Share of HK\$0.01 each
“Share Option Scheme”	the share option scheme adopted and approved by the Company on 20 November 2002
“Share Subscription Agreement”	a conditional share subscription agreement dated 30 September 2011 entered into between the Company and Freeman in which Freeman shall subscribe for and the Company shall issue and allot the Willie Subscription Shares to Freeman for the Willie Subscription Consideration of HK\$48,079,754.55 in cash while the Company shall subscribe for and Freeman shall issue and allot 188,548,057 Freeman Subscription Shares to the Company for the Freeman Subscription Consideration also of HK\$48,079,754.55 in cash
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Capital Reorganisation becoming effective or, upon the Capital Reorganisation becoming effective, the Adjusted Share(s) (as the case may be)
“Shareholder(s)”	registered holder(s) of the Share(s), Reduced Shares(s) or Adjusted Share(s) (as the case may be)

DEFINITIONS

“Specific Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with the Willie Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed under the SFO to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the granting of Issue Mandate
“Willie Completion”	the completion of the issue and allotment of the Willie Subscription Shares pursuant to the Share Subscription Agreement
“Willie Conditions”	the conditions precedent set out in the Share Subscription Agreement pursuant to which the Willie Completion shall be conditional upon
“Willie Subscription”	the subscription of the Willie Subscription Shares by Freeman pursuant to the Share Subscription Agreement
“Willie Subscription Consideration”	HK\$48,079,754.55 to be satisfied by Freeman for the Willie Subscription pursuant to the Share Subscription Agreement
“Willie Subscription Share(s)”	(i) 641,063,394 new Shares of a par value of HK\$0.01 each if the Capital Reorganisation has not become effective or (ii) 128,212,678 Adjusted Shares of a par value of HK\$0.01 each if the Capital Reorganisation has become effective (representing in each case approximately 19.05% of the enlarged issued share capital of the Company immediately after the issue and allotment of the Willie Subscription Shares to Freeman) to be issued and allotted by the Company to Freeman or as it may direct, credited as fully paid at par value of HK\$0.01 per Share before the Capital Reorganisation becoming effective or at par value of HK\$0.01 per Adjusted Share after the Capital Reorganisation becoming effective (as the case may be)
“%”	per cent

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. Fung Yue Tak, Derek
Mr. Tsui Hung Wai, Alfred

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

30 November 2011

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION;
(2) CHANGE IN BOARD LOT SIZE;
(3) PROPOSED FURTHER CAPITAL REDUCTION;
(4) PROPOSAL FOR THE GRANTING OF SPECIFIC MANDATE TO ISSUE SHARES IN
RELATION TO THE SHARE SUBSCRIPTION AGREEMENT;
(5) PROPOSAL FOR THE GRANTING OF ISSUE MANDATE;
(6) PROPOSAL FOR REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE
OPTION SCHEME;
AND
(7) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

It was disclosed in the Announcement that the Directors propose to put forward the proposals to the Shareholders to effect the Capital Reorganisation, the Further Capital Reduction and the granting of Specific Mandate to issue Shares in relation to the Share Subscription Agreement. The Company also intends to put forward the proposals for the granting of Issue Mandate and the refreshment of scheme mandate limit of Share Option Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with notice of the EGM and information regarding resolutions to be proposed at the EGM, relating to (i) the Capital Reorganisation; (ii) the Further Capital Reduction; (iii) the granting of Specific Mandate to issue Shares in relation to the Share Subscription Agreement; (iv) the granting of the Issue Mandate and (v) the refreshment of scheme mandate limit of the Share Option Scheme.

This circular also contains the recommendations from the Independent Board Committee regarding the granting of Issue Mandate as well as the recommendation from Vinco Capital to the Independent Board Committee and the Independent Shareholders regarding the granting of Issue Mandate.

1. PROPOSED CAPITAL REORGANISATION

The Directors propose to put forward a proposal to the Shareholders at the EGM to effect the Capital Reorganisation pursuant to the Companies Ordinance which will involve:

- (a) the Capital Reduction under which the authorised capital of the Company will be reduced from HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 10,000,000,000 Reduced Shares of HK\$0.002 each and that such reduction be effected by cancelling HK\$0.008 of the paid up capital on each issued Share of HK\$0.01 and reducing the nominal value of each issued or unissued share in the share capital of the Company from HK\$0.01 per Share to HK\$0.002 per Reduced Share; and
- (b) the Share Consolidation under which every five Reduced Shares of HK\$0.002 each into one Adjusted Share of HK\$0.01 each.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares and the issued share capital of the Company was HK\$27,238,436.85 divided into 2,723,843,685 Shares. In order to facilitate the Share Consolidation, the Company repurchased and cancelled two Shares on 17 October 2011.

Assuming no further Shares will be issued between the Latest Practicable Date and the EGM, immediately upon the Capital Reorganisation becoming effective, based on 2,723,843,685 Shares then in issue, the issued share capital of the Company will be reduced from HK\$27,238,436.85 to HK\$5,447,687.37 divided into 544,768,737 Adjusted Shares, giving rise to a total credit of HK\$21,790,749.48 which will, in its entirety, be credited to the share premium account of the Company.

As at the Latest Practicable Date, the Company has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for the Shares.

(i) Conditions of the Capital Reorganisation

The Capital Reorganisation will be conditional upon the following:

- (a) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation;

LETTER FROM THE BOARD

- (b) the registration by the Registrar of Companies in Hong Kong of a copy of resolution passed by the Shareholders, a copy of a minute containing the particulars required under section 61A of the Companies Ordinance and a statement in the prescribed form signed by an officer of the Company certifying that the relevant conditions under the Companies Ordinance have been satisfied; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares to be issued and allotted upon the Capital Reorganisation becoming effective.

Assuming all the conditions are fulfilled, the Capital Reorganisation will become effective upon the registration of the minute required under section 61A of the Companies Ordinance, which is expected to take place on or around 23 December 2011.

The Capital Reorganisation does not require confirmation by the High Court pursuant to section 58(3) of the Companies Ordinance.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares upon implementation of the Capital Reorganisation. At the Latest Practicable Date, no part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

(ii) Effect of the Capital Reorganisation

Implementation of the Capital Reorganisation would not, by itself, alter the underlying assets, liabilities, businesses, management or financial position of the Group and the Company or the rights of the Shareholders, except for payment of the related expenses. The proportionate interests and the voting rights of the Shareholders in the Company will not be affected by the Capital Reorganisation. The Adjusted Shares will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the rights of the Shareholders. Fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company.

2. CHANGE IN BOARD LOT SIZE

Subject to the granting of listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date 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

The Shares are currently traded in board lot size of 4,000 Shares each. As disclosed in the Company's announcement dated 3 October 2011, the Company previously proposed to change the board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 10,000 Adjusted Shares upon the Capital Reorganisation becoming effective. Given that the estimated market value per board lot size of 10,000 Adjusted Shares will be HK\$1,800 (based on the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation), the Company proposes to revise the change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 20,000 Adjusted Shares upon the Capital Reorganisation becoming effective, in order to increase the value of each board lot of the Shares and to meet the Stock Exchange's expected board lot value.

Assuming the Capital Reorganisation becoming effective, the Adjusted Shares will be traded in board lot size of 20,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$3,600, based on the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date. Save as disclosed herein, the Change in Board Lot Size will not affect the rights of the Shareholders.

REASONS FOR THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT SIZE

The Capital Reduction can help to increase the flexibility for raising new funds in future by means of the issuance of new shares of the Company, although as the Latest Practicable Date, save as the Share Subscription Agreement disclosed below, the Company did not have any plan for or was not in any negotiation of any fund raising activities. The Share Consolidation will reduce the total number of Shares currently in issue and together with the Change in Board Lot Size will reduce the overall transaction costs for dealing in the Adjusted Shares which are calculated on per board lot basis.

Accordingly, the Directors consider that the Capital Reorganisation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

EXCHANGE OF SHARE CERTIFICATES ARRANGEMENT

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period from 23 December 2011 to 7 February 2012 (both dates inclusive), submit existing certificates for the Shares to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for exchange, at the expense of the Company, for new certificates for the Adjusted Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate issued or cancelled, whichever is higher. Certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new certificates for the Adjusted Shares at any time at the expense of the Shareholders.

ODD LOT ARRANGEMENTS

Fractional Adjusted Shares will be disregarded and not issued to the Shareholders, but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

LETTER FROM THE BOARD

In order to alleviate any difficulties arising from the existence of odd lots of the Adjusted Shares, the Company has appointed Chung Nam Securities Limited to stand in the market to provide matching services for the odd lots of the Adjusted Shares on a best effort basis during the period from 11 January 2012 to 3 February 2012 (both dates inclusive). Holders of odd lots of the Adjusted Shares who wish to take advantage of this facility either to dispose of their odd lots of the Adjusted Shares or to top up to a board lot of 20,000 Adjusted Shares may contact Mr. Cecil Chan of Chung Nam Securities Limited by telephone at (852) 3198 0838 during this period. Shareholders should note that the above matching services is on a best effort basis only and successful matching of the sales and purchase of odd lots of Adjusted Shares is not guaranteed. Shareholders who are in doubt about such matching services are recommended to consult their own professional advisers.

3. PROPOSED FURTHER CAPITAL REDUCTION

The Directors further propose to reduce the amount standing the credit of the Company's share premium account to the extent of approximately HK\$1,322 million and applying the credit arising from such reduction to set off against the equal amount of the Accumulated Losses subject to the confirmation by the High Court.

The Further Capital Reduction is conditional upon the approval of the Shareholders at the EGM, the confirmation by the High Court and certain registration requirements.

According to the audited financial statements of the Company for the year ended 31 December 2010, the Company's share premium account and the accumulated losses account stood at approximately HK\$3,128 million and HK\$1,322 million respectively. Assuming there is no movement in the share premium account and the accumulated losses account during the year, other than taking into account of the above-mentioned amount of HK\$21,790,749.48 to be credited to the share premium account pursuant to the Capital Reorganisation upon the completion of Further Capital Reduction, the share premium account of the Company will be reduced to approximately HK\$1,828 million and the balance of the accumulated losses account as at 31 December 2010 will be fully eliminated.

(i) Conditions of the Further Capital Reduction

The Further Capital Reduction will be conditional upon the following:

- (a) the passing of a special resolution by the Shareholders at the EGM to approve the Further Capital Reduction; and
- (b) the confirmation of the Further Capital Reduction by the High Court and the registration by the Registrar of Companies in Hong Kong of an office copy of the order of the High Court and the minute containing the particulars required by Section 61 of the Companies Ordinance.

Assuming that the above conditions are fulfilled, the Further Capital Reduction will become effective upon the registration of the order of the High Court and the minute referred to at (b) above.

The effective date of the Further Capital Reduction is not certain at present. An application will be made to the High Court in respect of the Further Capital Reduction as soon as practicable after the approval of the Further Capital Reduction by the Shareholders at the EGM and further announcement(s) will be made informing the Shareholders of the expected effective date and, as necessary or appropriate, the progress and results of the application to the High Court.

LETTER FROM THE BOARD

(ii) Reason for the Further Capital Reduction

As at 31 December 2010, the Company had (on an unconsolidated basis) the Accumulated Losses of approximately HK\$1,322 million. The Further Capital Reduction will enable the Company to have a capital structure that would permit the payment of dividends, as and when the Directors consider it appropriate in future.

(iii) Impact of the Further Capital Reduction

Implementation of the Further Capital Reduction will not, by itself, alter the underlying assets, liabilities, business, operations, management, financial position (other than as regards the payment of relevant expenses) or the share capital of the Company.

4. PROPOSAL FOR THE GRANTING OF SPECIFIC MANDATE TO ISSUE SHARES IN RELATION TO THE SHARE SUBSCRIPTION AGREEMENT

As disclosed in the Announcement, the Company entered into the Share Subscription Agreement with Freeman on 30 September 2011 pursuant to which (i) Freeman shall subscribe for and the Company shall issue and allot the Willie Subscription Shares to Freeman for the Willie Subscription Consideration of HK\$48,079,754.55 in cash and (ii) the Company shall subscribe for and Freeman shall issue and allot 188,548,057 Freeman Subscription Shares to the Company for the Freeman Subscription Consideration also of HK\$48,079,754.55 (i.e. approximately HK\$0.255 per Freeman Subscription Share) in cash.

SHARE SUBSCRIPTION AGREEMENT

Date: 30 September 2011

Parties:

- (1) the Company; and
- (2) Freeman

As at the Latest Practicable Date, the Group holds 108,975,000 Freeman Shares and Mr. Wong Ying Seung, Asiong, Vice Chairman of the Company, holds 1,205,000 Freeman Shares representing about 2.31% and 0.03% respectively of the then issued share capital of Freeman. Freeman Group and Ms. Au Shuk Yee, Sue, a director of Freeman holds 130,000,000 Shares and 2,120,000 Shares representing about 4.77% and 0.08% respectively of the then issued share capital of the Company whilst Mr. Andrew Liu, another director of Freeman, indirectly holds 37,926,000 Shares representing about 1.39% of the then issued share capital of the Company. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Freeman and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

LETTER FROM THE BOARD

(I) The Willie Subscription

Willie Subscription Shares

(i) 641,063,394 new Shares with par value of HK\$0.01 each if the Capital Reorganisation has not become effective or (ii) 128,212,678 new Adjusted Shares of a par value of HK\$0.01 each if the Capital Reorganisation has become effective (representing in each case approximately 19.05% of the enlarged issued share capital of the Company immediately after the issue and allotment of the Willie Subscription Shares to Freeman) to be issued and allotted by the Company to Freeman or as it may direct, credited as fully paid at par value of HK\$0.01 per Share or at par value of HK\$0.01 per Adjusted Share (as the case may be). After taking into account the 130,000,000 Shares currently held by Freeman, Freeman will hold in each case approximately 22.91% interest in the Company as enlarged by the Willie Subscription Shares.

Subscription price

The subscription price of the Willie Subscription Shares is equal to (i) HK\$0.075 per Share before the Capital Reorganisation becoming effective or (ii) HK\$0.375 per Adjusted Share after the Capital Reorganisation becoming effective, of which HK\$0.075 per Share represents:

- (i) the closing price per Share as quoted on the Stock Exchange on 28 September 2011, being the last trading day immediately preceding the date of the Share Subscription Agreement;
- (ii) a discount of approximately 2.09% to the average closing price of HK\$0.0766 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28 September 2011, being the last trading day immediately preceding the date of the Share Subscription Agreement; and
- (iii) a premium of approximately 108.33% to the closing price of HK\$0.036 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The subscription price of the Willie Subscription Shares was determined in late September 2011 after arm's length negotiation between Freeman and the Company with reference to the recent trading performance of the Shares and business prospects of the Group. The Directors consider that the subscription price is fair and reasonable under the then market conditions and the Willie Subscription is in the interest of the Company and Shareholders as a whole.

The market value of the Willie Subscription Shares on 28 September 2011 (being the last trading day immediately preceding the date of the Share Subscription Agreement) was approximately HK\$48.08 million, based on the closing price of HK\$0.075 per Share on that day. Upon completion of the Willie Subscription, Freeman shall pay the Willie Subscription Consideration (i.e. same as approximately HK\$48.08 million) to the Company by cheque.

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Specific Mandate

The issue and allotment of Willie Subscription Shares is subject to the approval of the Shareholders at the EGM. The Willie Subscription Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders to the Directors at the EGM. As Freeman is a party to the Share Subscription Agreement, Freeman and its associates, being shareholders of the Company with a material interest in the Specific Mandate, will abstain from voting in respect of the Specific Mandate at the EGM.

Conditions precedent of the Willie Subscription

Willie Completion is conditional upon the following:

- (i) the approval of the granting of Specific Mandate to issue and allot the Willie Subscription Shares to Freeman by Shareholders at the EGM in accordance with the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Willie Subscription Shares;
- (iii) compliance with all the necessary requirements under the Listing Rules for issue and allotment of the Willie Subscription Shares by the Company; and
- (iv) all requisite consents, licenses and approvals from the relevant third parties (including regulatory authorities in Hong Kong and elsewhere) for the execution of the Share Subscription Agreement and completion of the transactions contemplated thereunder by the Company having been obtained.

If the Willie Conditions have not been fulfilled on or before 4:00 p.m. on 31 March 2012 (or such other date as the parties hereto may agree in writing), the Company's obligations to issue the Willie Subscription Shares shall terminate. The Company shall have no further obligations to issue and allot the Willie Subscription Shares to Freeman and the parties shall not have any further claims against each other under the Share Subscription Agreement in respect of the Willie Subscription Shares for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Willie Subscription Shares.

Ranking of the Willie Subscription Shares

Willie Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares or the Adjusted Shares in issue (as the case may be) upon the Willie Completion, including the right to any dividends or distribution after the date of the Willie Completion and free from all encumbrances.

LETTER FROM THE BOARD

Willie Completion

Willie Completion will take place on the next Business Day (or such other time as the parties may agree) after the fulfillment of all Willie Conditions.

Shareholders and potential investors who wish to deal in the securities of the Company should note that the Willie Completion is subject to the satisfaction of the conditions precedent contained therein and it may or may not proceed; and therefore, you are advised to exercise caution when dealing in the securities of the Company.

(II) The Freeman Subscription

Upon Freeman Capital Reorganisation becoming effective and Freeman Completion, Freeman will issue and allot 188,548,057 Freeman Subscription Shares to the Company, representing approximately 16.67% of the issued share capital of Freeman as enlarged by the issue of the Freeman Subscription Shares. After taking into account the 108,975,000 Freeman Shares currently held by the Company, the Company will hold approximately 18.59% interest in Freeman as enlarged by the issue of the Freeman Subscription Shares and these shares in Freeman will become an investment of the Company.

Consideration and Payment

The consideration for the Freeman Subscription Shares shall be HK\$48,079,754.55 (i.e. approximately HK\$0.255 per Freeman Subscription Share equivalent to approximately HK\$0.051 per Freeman Share before Freeman Capital Reorganisation becoming effective), which shall be paid by the Company to Freeman upon Freeman Completion (or such other date as may be agreed between the Company and Freeman) by cheque. The Company intends to fund the Freeman Subscription from the proceeds receivable from the Willie Subscription or (if the Willie Subscription is completed after the Freeman Subscription) from internal resources.

The consideration for the Freeman Subscription Shares was determined in late September 2011 after arm's length negotiations with Freeman with reference to (i) Willie Subscription Consideration for HK\$48,079,754.55 receivable by the Company; (ii) the audited consolidated net asset value per Freeman Share as at 31 March 2011 of approximately HK\$0.5308 before Freeman Capital Reorganisation becoming effective; and (iii) the historical performance and future prospects of Freeman, as described below.

The subscription price of approximately HK\$0.255 per Freeman Subscription Share represents an approximate 90.39% discount to Freeman's audited consolidated net asset value per Freeman Share of HK\$0.5308 as at 31 March 2011 (being the date to which the most recently published audited annual financial statements were made up) being adjusted to HK\$2.654 after Freeman Capital Reorganisation becoming effective. Freeman recorded a substantial profit over HK\$300 million for the year ended 31 March 2010. The Board considers that Freeman's recent loss for the year ended 31 March 2011 and its indication of loss for the six months ended 30 September 2011 in its profit warning announcement on 17 October 2011 resulting in decline in Freeman's stock price has provided an opportunity for the Company to acquire equity interests in Freeman (a listed company in Hong Kong) at such a deep

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discount of 90.39%, which compares favourably with the discounts of Freeman's historical market price to its consolidated net asset value ("NAV") per share as listed below:

	As at 31 March		
	2011	2010	2009
Freeman's consolidated NAV - HK\$	2,501,824,000	2,041,010,000	1,080,860,000
No. of Freeman Shares in issue	4,713,701,431	381,356,198	1,954,634,992
Freeman's consolidated NAV per share - HK\$	0.5308	5.3520	0.5530
Freeman's closing share price - HK\$	0.270	0.560	0.091
Discount to Freeman's consolidated NAV per share	49.13%	89.54%	83.54%

Regarding Freeman's audited consolidated loss for the year ended 31 March 2011, it is noted from Freeman's annual report 2010/11 that the loss was largely attributable to the drop in its revenue and increase in its expenses, which can be summarised as follows:

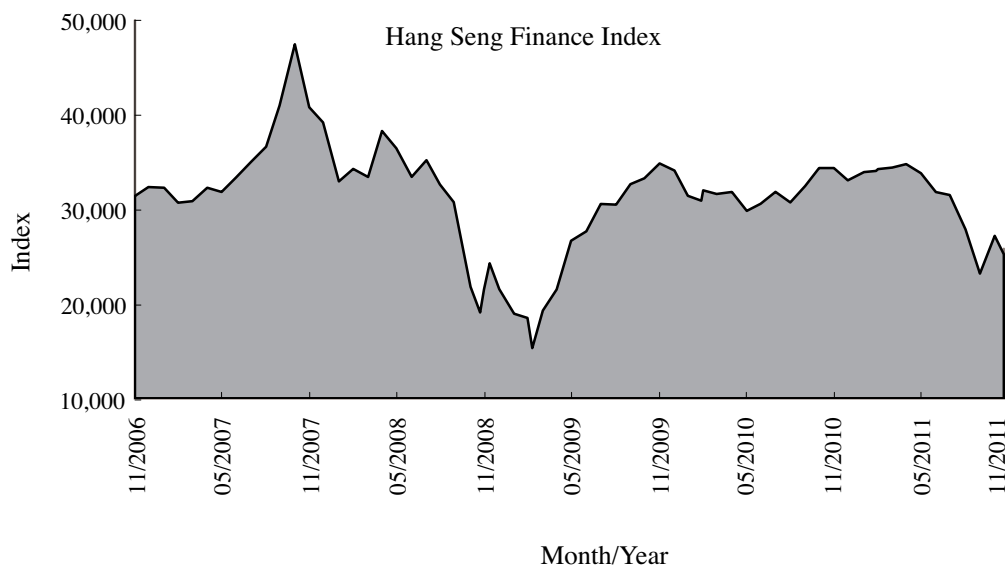
- Freeman's turnover decreased by approximately 47% to HK\$89.6 million as a result of its weakened income from trading of securities under the volatile financial market; and
- the total of Freeman's general and administrative expenses, other expenses (net) and finance costs increased by approximately 132% to HK\$353 million mainly due to loss on deemed disposals of an associate and impairment of an available-for-sale investment.

Regarding Freeman's unaudited consolidated loss for the six months ended 30 September 2011, it is noted from its interim results announcement dated 25 November 2011 that Freeman recorded a loss of approximately of HK\$400 million as compared to a loss of approximately HK\$43 million for the corresponding period last year mainly due to the significant realised and unrealised loss from securities trading business. Notwithstanding this loss, Freeman's financial position has remained healthy with cash and bank balances of about HK\$305 million as well as a single-digit gearing ratio of about 9.5% as at 30 September 2011. Freeman's consolidated NAV was about HK\$2,106 million or about HK\$0.447 per Freeman Share as at 30 September 2011 which can be adjusted to about HK\$2.235 per Freeman Share upon Freeman Capital Reorganisation becoming effective; hence, the Company's subscription price at approximately HK\$0.255 per Freeman Subscription Share represents a discount of about 88.59% discount to Freeman's adjusted consolidated NAV per share at approximately HK\$2.235 as at 30 September 2011, which is not much different from the discount of 90.39% when the Share Subscription Agreement was signed on 30 September 2011.

Based on the above reasons for Freeman's recent losses, the Directors consider that Freeman's financial results are prone to be affected by financial market conditions, which affect Freeman's business opportunities and the carrying value of its investments. As shown in the chart below, Hang

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Seng Finance Index (which can be taken as an indicator of the financial market conditions) swings up and down over time. Hence, the financial market is expected to recover after the current European debt crisis has been overcome although the timing of recovery is not yet certain.



Based on the above factors, the Directors consider the Freeman Subscription Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Freeman Subscription Shares will be allotted and issued under a specific mandate to be granted to the directors of Freeman at an extraordinary general meeting of Freeman to be held subsequently.

Conditions precedent of the Freeman Subscription

Freeman Completion is conditional on the fulfilment of the following conditions:

- (a) the passing of a special resolution to approve the Freeman Capital Reorganisation by the shareholders of Freeman at an extraordinary general meeting of Freeman;
- (b) the passing of a resolution to approve a specific mandate to issue and allot the Freeman Subscription Shares to the Company by the shareholders of Freeman at an extraordinary general meeting of Freeman;
- (c) the approval of the Freeman Adjustment Proposal to the extent required by the Grand Court of the Cayman Islands;
- (d) the Freeman Capital Reorganisation having become effective, and compliance with any conditions imposed by the Grand Court of the Cayman Islands on the Freeman Adjustment Proposal;

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- (e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, (i) the Freeman Adjusted Shares in issue upon the Freeman Capital Reorganisation becoming effective and (ii) the Freeman Subscription Shares;
- (f) compliance with all the necessary requirements under the Listing Rules for completion of the transactions contemplated thereunder by Freeman; and
- (g) all requisite consents, licence and approvals from the relevant third parties (including regulatory authorities in the Cayman Islands or Hong Kong and elsewhere) for the execution of the Share Subscription Agreement and completion of the transactions contemplate thereunder by Freeman having been obtained.

If the Freeman Conditions have not been fulfilled on or before 4:00 p.m. on 31 March 2012 (or such other date as the parties hereto may agree in writing), Freeman's obligations to issue the Freeman Subscription Shares shall terminate. Freeman shall have no further obligations to issue and allot the Freeman Subscription Shares to the Company and the parties shall have no claims against each other under the Share Subscription Agreement in respect of the Freeman Subscription Shares for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Freeman Completion

Freeman Completion will take place on the next Business Day (or such other time as the parties may agree) after the fulfillment of all Freeman Conditions.

At Freeman Completion, Freeman shall issue and allot the Freeman Subscription Shares, credited as fully paid at HK\$0.01 per Freeman Subscription Share to the Company or as it may direct, subject to the memorandum and articles of association of Freeman and free from all encumbrances and deliver to the Company the share certificates for the Freeman Subscription Shares issued in the name of the Company or as it may direct. The Freeman Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Freeman Adjusted Shares in issue at Freeman Completion.

To follow generally accepted accounting practice, the Group's existing holding of 108,975,000 Freeman Shares (before Freeman Capital Reorganisation becoming effective) previously acquired for securities trading purpose will remain as the Group's financial assets at fair value through profit or loss forming part of current assets; and the 188,548,057 Freeman Subscription Shares being subscribed by the Company, when completed, will be treated as available-for-sale financial assets forming part of non-current assets to reflect the Company's intention of holding the Freeman Subscription Shares for non-trading investment purpose. Under the Share Subscription Agreement, there is no dealing restriction imposed on the Freeman Subscription Shares and Willie Subscription Shares respectively. Depending on the outcome of strategic alliance and business co-operation with Freeman in the future as well as future economic and stock market conditions, the Directors are open to consider increasing or decreasing the Group's shareholding in Freeman in order to serve the best interests of the Company and the Shareholders as a whole. The Company will follow the applicable laws, SFO and the Listing Rules to make appropriate disclosure of changes in shareholding and to seek Shareholders' approval, if and when necessary.

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Other terms of the Share Subscription Agreement

Pursuant to terms and conditions of the Share Subscription Agreement, the Freeman Subscription and the Willie Subscription are not inter-conditional with one another. The completion of the Willie Subscription and Freeman Subscription are independent of one another. This arrangement would facilitate both the Company and Freeman to respectively execute their shareholders' mandate to issue shares to the other party on a timely basis. Should only one of the subscriptions be completed, then one of the companies will become the largest shareholder of the other. This shareholding structure would still pave way for the business co-operation as described under the heading "Reasons for and Benefits of Entering into the Share Subscription Agreement" in this letter though the alliance may tend to be more of a one-way affair. The Company and Freeman inter-subscription signifies the commitment of the two parties and is expected to improve the performance of the Group's various business segments. In the event of an unexpected one-way approval, the spirit under which the subscription was originally contemplated would still exist and eventually lead to realisation of the other outstanding subscription when the expected co-operation success outcrops or when the hurdle dragging the outstanding subscription has been overcome. Such kind of flexibility has proved to be successful in the well-known example of Renault-Nissan alliance in which Renault first took an equity stake in Nissan in year 1999 and Nissan took an equity stake in Renault in year 2002. The Directors consider that the non-inter-conditional completion would expedite the business co-operation and is therefore in the interests of the Company and its Shareholders as a whole.

Apart from the Renault-Nissan alliance, there are numerous well-known examples of equity strategic alliance worldwide and in Hong Kong. By way of equity strategic alliance, the following benefits (not available under a non-equity co-operation) can be enjoyed by an investor company:

- a) The difficulty of contractually specifying all the terms of a business relationship can be mitigated or overcome.
- b) Cross-shareholding is expected to encourage each company to act in the financial interests of the other while maintaining individual corporate identity and culture. Without an ownership stake, business partners may hold incentives to break off or change the terms of an agreement or relationship.

To more effectively develop business co-operation, equity strategic alliance is the first choice when compared to non-equity strategic alliance or forming a joint venture company.

According to the Share Subscription Agreement, Freeman and the Company have agreed that no director will be nominated by one party to the Share Subscription Agreement to serve on the board of directors of the other party upon the issuance and allotment of the Willie Subscription Shares or Freeman Subscription Shares. Both parties to the Share Subscription Agreement have represented, warranted and undertaken to the other in the Share Subscription Agreement that each party has no intention to gain control or exert significant influence over the other but rather to hold the subject's shares as a passive security investment.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING THE WILLIE COMPLETION

Set out below is the table of the shareholding of the Company before and after the Willie Completion but before Capital Reorganisation becoming effective:-

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding upon Willie Completion	
	Number of Shares	%	Number of Shares	%
Directors				
Dr. Chuang Yueheng, Henry	215,214,688	7.90	215,214,688	6.40
Mr. Wong Ying Seung, Asiong	18,896,000	0.69	18,986,000	0.56
Mr. Fung Yue Tak, Derek	100,000,000	3.67	100,000,000	2.97
Freeman and its associates				
Freeman Group	130,000,000	4.77	771,063,394	22.91
Ms. Au Shuk Yee, Sue (<i>Note</i>)	2,120,000	0.08	2,120,000	0.06
Mr. Andrew Liu (<i>Note</i>)	37,926,000	1.39	37,926,000	1.13
Other public Shareholders	<u>2,219,686,997</u>	<u>81.50</u>	<u>2,219,686,997</u>	<u>65.97</u>
Total	<u>2,723,843,685</u>	<u>100.00</u>	<u>3,364,907,079</u>	<u>100.00</u>

Note: Ms. Au Shuk Yee, Sue and Mr. Andrew Liu are directors of Freeman.

LETTER FROM THE BOARD

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS OF THE COMPANY

Save as disclosed below, the Company has not carried out other capital raising activities during the past 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds raised <i>(approximate)</i>	Intended use of net proceeds <i>(approximate)</i>	Actual use of net proceeds as at the Latest Practicable Date <i>(approximate)</i>
8 April 2011	Rights issue of 2,368,559,728 rights shares at HK\$0.125 per rights share on the basis of eight rights shares for every share held on the record date	HK\$286.72 million	20% for general working capital; and the balance to finance any potential investment opportunities as and when they arise	(i) 20% for business of securities trading and provision of financial services; (ii) HK\$42.17 million for acquisition of investment in Capital VC Limited; and (iii) the rest is maintained at bank
19 May 2011	Subscription of 59,213,993 new Shares at the subscription price of HK\$0.20 each	HK\$11.84 million	For general working capital	For business of securities trading and provision of financial services

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USE OF PROCEEDS FROM THE WILLIE SUBSCRIPTION

The net proceeds from the Willie Subscription is expected to be approximately HK\$47.4 million, representing a net subscription price of approximately HK\$0.074 per Share or approximately HK\$0.370 per Adjusted Share. It is expected that the net proceeds from the Willie Subscription will be used by the Company for the Freeman Subscription, or (if the Willie Subscription is completed after the Freeman Subscription) for general working capital of the Group used in securities trading business, the business of provision of finance and payment of various operating and administrative expenses. Depending on whether there are attractive opportunities, the Company may invest in properties by using its working capital. As at the Latest Practicable Date, the Company has not yet identified any other attractive investment in properties other than the acquisition of a commercial property disclosed in the Company's announcement on 18 November 2011.

INFORMATION ON FREEMAN

Freeman is incorporated in the Cayman Islands with limited liability and principally engaged in the trading of securities, provision of finance and securities brokerage services as well as investment holding.

Between April 2007 and March 2009, the Company held shareholding in Freeman's share capital discloseable under Part XV of the SFO. In May 2010, an indirect non-wholly owned subsidiary of the Company entered into an agreement with Freeman to acquire the entire issued share capital and shareholder's loan of a property holding company from Freeman at a consideration of HK\$52 million satisfied by cash. As at the Latest Practicable Date, the Group holds about 2.31% of the existing issued share capital of Freeman. The largest shareholder of Freeman is an individual who holds approximately 20.46% of the existing issued share capital of Freeman. According to information published by Freeman up to the Latest Practicable Date, Freeman Group holds about 4.77% of the existing issued share capital of the Company and will hold approximately 22.91% of the enlarged issued share capital of the Company immediately after Willie Completion. Apart from the shareholdings disclosed above, the Company and Freeman do not have any business relationship as at the Latest Practicable Date.

Freeman has proposed to put forward a proposal to its shareholders to effect the Freeman Capital Reorganisation which will involve the Freeman Share Consolidation, the Freeman Adjustment Proposal and the Freeman Share Subdivision.

Immediately after the Freeman Capital Reorganisation and Freeman Completion, Freeman will be owned as to approximately 18.59% by the Company.

According to the latest audited financial statements of Freeman as at 31 March 2011, Freeman has an audited consolidated net asset value of approximately HK\$2,502 million. Further financial information of the Freeman for the past two financial years ended 31 March 2011 and 31 March 2010 based on its audited financial statements is set out as below:

	For the year ended 31 March 2011	For the year ended 31 March 2010
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Turnover	89.6	169.6
(Loss) Profit before taxation	(168.8)	308.0
(Loss) Profit after taxation	(171.5)	303.9

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT

Negotiation of the terms of the Share Subscription Agreement started in late September 2011 when an executive director of Freeman initiated the negotiation with an executive director of the Company. The Board has approved the terms of the Share Subscription Agreement with a view that the Share Subscription Agreement provides the Company with an opportunity to develop a strategic alliance and business co-operation with Freeman. After completion of the Share Subscription Agreement, Freeman will be the largest substantial shareholder of the Company and vice versa. Holding equity interests in each other to such an extent will enable possible business co-operation between the Company and Freeman (both principally engaging in the business of securities trading, provision of finance and investment holding) in various ways including but not limited to: (i) the sharing of stock market information and analysis to enable more objective investment decisions to be made under the business segment of securities trading; (ii) the sharing of credit data to enable better assessment of credit risk and setting of credit limit for customers under the business segment of provision of finance; (iii) the sharing of business network to extend the clientele for the business segment of provision of finance; and (iv) jointly undertaking potential investment projects with collective bargaining position and stronger cash resources under the business segment of investment holding. It has always been said that “information is power”. The sharing of information on financial services business can lead to a better portfolio mix, reduce credit exposure, and lead to new clients or opportunities. The sharing of information on business, whether existing or potential, can lead to new ideas or new approaches which otherwise would not be revealed. Any such possible business co-operation with Freeman will be conducted in compliance with the provisions of the Listing Rules and/or other regulatory requirements.

The Board considers Freeman as a suitable alliance partner after considering the following factors:

- (a) Both the Company and Freeman are engaged in the business of securities trading, provision of finance and investment holding, enabling possible business co-operation as mentioned above.
- (b) The two companies have similar consolidated net asset value so that there would not be a dominant partner when developing the alliance. The Company’s unaudited consolidated net asset value as at 30 June 2011 was approximately HK\$2,126 million while Freeman’s audited consolidated net asset value as at 31 March 2011 was approximately HK\$2,502 million.
- (c) Freeman’s management accepts subscribing new Shares to be issued by the Company and undertakes to procure its existing shareholders’ consent to issue new Freeman Shares to the Company to realise the cross-shareholding structure committing both parties to develop the strategic alliance.

Based on the information up to the Latest Practicable Date, Freeman will hold approximately 22.91% of the enlarged share capital of the Company while the Company will hold approximately 18.59% of Freeman’s enlarged share capital immediately after completion of the Share Subscription

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Agreement. Cross-shareholding at this level would allow both the Company and Freeman to maintain individual corporate identity and management in operating business respectively. However, in the initial stage of developing business co-operation with Freeman, the Board has not formulated any concrete plan to carry on business jointly with Freeman in securities trading and provision of finance but intends to start the co-operation by way of the sharing of stock market information, analysis, credit data and business network with Freeman. The Board believes that Freeman's expertise and clientele network in financial services sector would provide useful input in this respect. If there is further development in the business co-operation with Freeman, details will be disclosed in future annual reports and interim reports to be published by the Company.

The Company has neither discussed nor engaged with Freeman in any common investments in the past. The Company and Freeman are two listed companies with separate identity and management. Any investments, listed or unlisted, that happened or turned out to be in common, are coincidental. For possible co-operation with Freeman in jointly undertaking potential investment projects in the future, the Company's investment focus on natural resources and energy-related sectors is different from Freeman's focus on financial market. Nevertheless, the Company is open to and the Directors believe Freeman is also open to considering other investment opportunities not in current focus but can generate good returns to shareholders of both parties. The Company and Freeman up to the Latest Practicable Date do not have any common investment targets. The Directors consider that possible joint investments in the future will still fall within the areas of natural resources and energy-related sectors as well as financial sector.

A strategic alliance can be formed when the fruits of the intended business co-operation as mentioned above can be shared by both companies as the success of one party will eventually be reflected in the value of the other. The business co-operation opportunities mentioned above are expected to enhance the Company's performance in doing its business so as to improve its profitability to benefit the Company and its Shareholders as a whole, notwithstanding the dilution effect to the equity interest of the existing Shareholders.

The Board also believes that the Share Subscription Agreement will bring business co-operation with Freeman under a cross-shareholding structure without net cash outlay (apart from professional fees) if Shareholders approve the Specific Mandate to issue and allot the Willie Subscription Shares to Freeman.

The shares of both the Company and Freeman are trading at deep discount to their respective consolidated net asset value. The subscription price of approximately HK\$0.255 per Freeman Subscription Share represents an approximate 90.39% discount to the audited consolidated net asset value per Freeman Share of HK\$0.5308 as at 31 March 2011 (being the date to which the most recently published audited annual financial statements of Freeman were made up) being adjusted to HK\$2.654 after Freeman Capital Reorganisation becoming effective. The subscription price of HK\$0.075 per Willie Subscription Share (before Capital Reorganisation becoming effective) also represents an approximate 90.39% discount to the unaudited consolidated net asset value per Share of the Company of HK\$0.7803 as at 30 June 2011 (being the date to which the most recently published unaudited interim financial statements of the Group were made up).

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As mentioned in the Company's annual report for the year 2010, the Company would capture opportunities that can enhance shareholders' return. Since then, the Directors have actively sought such kind of opportunities including but not limited to the Share Subscription Agreement mentioned above. The Company has also acquired a significant stake in a Hong Kong listed Chapter 21 investment company ("CVC Acquisition") — Capital VC Limited ("CVC") as announced in June 2011. The CVC Acquisition and the Freeman Subscription under the Share Subscription Agreement are expected to generate benefits to the Company in different aspects as follows:

	CVC Acquisition	Freeman Subscription
Consideration paid / payable by the Company	HK\$75 million (cash outlay)	Approximately HK\$48 million (no net cash outlay if the Specific Mandate is approved by Shareholders)
Approximate discount of subscription price to the most recently published consolidated net asset value per share before the date of announcement of the transaction	59% discount	90% discount
Approximate % of the Company's shareholding (on the enlarged issued share capital) in the target company	29.72%	16.67%
Principal business of the target company	Investment in listed and unlisted companies in Hong Kong and China	Trading of securities, provision of finance and securities brokerage services and investment holding
Completion date	23 August 2011	Freeman Completion, which is expected to take place in the first quarter in 2012
Areas of business co-operation	Providing HK\$75 million cash to CVC to finance its investments, particularly in 3-D Gold Jewellery Holdings Limited (stock code: 870)	Sharing of stock market information and analysis, sharing of credit data, sharing of business network and jointly undertaking investment projects

LETTER FROM THE BOARD

	CVC Acquisition	Freeman Subscription
Benefits expected from business co-operation	To enjoy investment returns	To enhance the performance of the Company's business segments in securities trading, provision of finance and investment holding
Investment objective	To generate capital appreciation in the value of CVC shares held by the Company	To develop strategic alliance and business co-operation with Freeman in various areas with an aim to improve the Company's operational results
Major reasons for selecting the target company	Rare opportunity to acquire a significant stake in a Hong Kong listed Chapter 21 investment company and substantial benefits expected from CVC's acquisition (if successful) of 3-D Gold Jewellery Holdings Limited (stock code: 870)	Part of the Share Subscription Agreement to develop strategic alliance and business co-operation with Freeman in various areas

While CVC and Freeman both are engaged in securities investments, CVC unlike Freeman is a Chapter 21 investment company which has a limited or restricted scope by nature. Hence, there are certain projects that the Company and Freeman can participate in but CVC by restriction cannot. Restrictions applicable to a Chapter 21 investment company include:

- (a) An investment company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in any one company or body.
- (b) A reasonable spread of investments will be maintained by an investment company and generally this will mean that the value of its holding of investments issued by any one company or body shall not exceed 20% of the investment company's net asset value at the time when such investment is made.

An investment company is bound by its investment objectives and policies. For example, CVC's policy of making investments in Hong Kong and China may make a joint overseas investment difficult.

As at the Latest Practicable Date, the closing share price of a Freeman Share was HK\$0.032, which can be adjusted to HK\$0.16 per Freeman Subscription Share upon Freeman Capital Reorganisation becoming effective. This adjusted market price at HK\$0.16 in November 2011 is about

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37% lower than the Company's subscription price at approximately HK\$0.255 per Freeman Subscription Share determined in late September 2011 and, if that is the share price upon Freeman Completion, a loss of about HK\$18 million will be recognised in the Company's total comprehensive income for year 2012 in accordance with the Hong Kong Accounting Standard 39 — Financial Instruments: Recognition and Measurement. However, if Shareholders approve the Specific Mandate, the consideration for the Freeman Subscription Shares will be wholly (other than professional fees) financed by the Willie Subscription Shares to Freeman at a price of HK\$0.075 per Willie Share. The closing share price of a Willie Share as at the Latest Practicable Date was HK\$0.036 which is about 52% lower than the Company's issue price at HK\$0.075. Comparing the share price performance of Freeman and the Company since the determination of the terms of the Share Subscription Agreement in late September 2011, the Directors consider that the terms of the Share Subscription Agreement and the related Specific Mandate to be sought from Shareholders to issue and allot Willie Subscription Shares are fair and reasonable and in the interests of the Company and its Shareholders as a whole on the following grounds:

- (a) the Share Subscription Agreement with subscription of shares mutually by Freeman and the Company is primarily aimed at developing strategic alliance and business co-operation between the Company and Freeman to hopefully improve the business performance of both parties; and
- (b) the Company's issue price under the Specific Mandate represented the closing price per Share immediately preceding the date of the Share Subscription Agreement and is currently at a 108% premium over the current market price as at the Latest Practicable Date.

DECLINE IN THE CARRYING VALUE OF SECURITIES INVESTMENT PORTFOLIO

As a result of the recent downward plunge in the global and Hong Kong securities markets and a general deterioration in economic confidence, the preliminary review of the performance of the Group's securities investment portfolio as at the end of third quarter of 2011 shows a significant decline in the carrying value as at 30 September 2011 compared with the position as at 30 June 2011 (being the date to which the most recently published unaudited interim financial statements of the Group were made up). Notwithstanding the recent securities downward plunge, the Group is not in any way forced to liquidate its securities investment portfolio as the Group maintains a negligible gearing ratio with healthy cash position, liquidity and financial position. Although Freeman has also faced the decline in value of its securities investment portfolio due to similar reasons as informed, the Directors are given to understand that Freeman's financial position has remained healthy and believe that the deep discount to historical consolidated net asset value for the Freeman Subscription Shares has adequately reflected the current market conditions.

The above information is only based on a preliminary review and information currently available, and has not been confirmed nor audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

GENERAL INFORMATION

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

The Company would maintain its existing business segments of trading of investments, provision of financial services, property investment and investment holding. In the first half year of 2011 (“the Period”), facing with increasing uncertainties and risks in the global financial markets, the securities trading and investments portfolio reported a loss of approximately HK\$142 million of which approximately HK\$127 million was related to net fair value loss. No rental income was contributed from property investment segment during the Period after the deemed disposal in December 2010 of certain subsidiaries serving as the Group’s property investment arm. The money lending portfolio maintained a stable interest income and earned a profit of approximately HK\$4 million during the Period. The Group has continued to seek new opportunities in the investment holdings and properties portfolios.

Notwithstanding the recent decline in the carrying value of the Group’s securities investment portfolio mentioned above, the Group still maintains a nil gearing ratio with healthy cash position, liquidity and financial position as at the Latest Practicable Date.

5. PROPOSAL FOR GRANTING OF ISSUE MANDATE TO ISSUE SHARES

The Directors are seeking the passing of the ordinary resolution at the EGM to grant the general and unconditional mandate to the Board to exercise all powers of the Company to allot and issue new Shares up to 20% of the issued share capital of the Company at the date of passing such resolution at the EGM.

At the annual general meeting of the Company held on 18 May 2011 (the “AGM”), the Shareholders approved an ordinary resolution to grant the Directors the general mandate to issue, allot and deal with up to 59,213,993 new Shares (the “General Mandate”), which is equivalent to 20% of the then issued share capital of the Company as at the date of the AGM.

Since the AGM, the Company entered into a placing agreement on 19 May 2011, in relation to the placing of 59,213,993 Shares to an independent third party investor and this transaction was completed on 10 June 2011. Accordingly, 59,213,993 Shares had been successfully placed and the net proceeds from the placing amounted to approximately HK\$11.84 million has been fully utilised for the Group’s general working capital. As a result, the General Mandate was fully utilised as to 59,213,993 Shares. As at the Latest Practicable Date, the issued share capital of the Company was 2,723,843,685 Shares after a recent repurchase and cancellation of 2 Shares on 17 October 2011 to facilitate the proposed Share Consolidation.

Before conducting the previous fund raising exercise by placing arranged in May 2011, the Company employed other means of fund raising, including the issuance of rights shares. By way of a rights issue arranged in April 2011, the Company successfully raised net proceeds of approximately HK\$286.72 million, which strengthened the Company’s financial position.

LETTER FROM THE BOARD

The Board is of the view that in order to maintain a strong cash flow for its potential future developments and enhance the bargaining power of the Group in the negotiation of large scale investments or acquisition in sizeable investment projects including but not limited to the existing businesses of investment in securities trading, money lending, property investment, as well as other sectors such as natural resources and environmental related sectors, it is necessary to propose the granting of Issue Mandate at the EGM. The Board has also considered raising funds under a specific mandate once the opportunity to participate in a sizeable investment project arises. However, the Board is of the opinion that (i) granting of a specific mandate requires the Shareholders' approval which is a time-consuming process; (ii) the granting of Issue Mandate can effectively enhance the potential acquisition war-chest of the Company by up to 20% of its existing market capitalisation, as any potential vendors will be inclined to consider the Company as a credible purchaser given it has the ability to raise funds immediately; and (iii) potential vendors may require the Company to issue Shares as consideration instead of cash as part of initial deposit. In order to give the Company greater flexibility in issuing new Shares and/or convertible instruments in the future, the Board considers that the Issue Mandate can provide flexible means to the Company to fulfill whole or partial payments of sizeable investment projects if and when the opportunities arise.

The Group takes a conservative and cautious approach in investing and conducting its core businesses. As such, the Company wishes to put in place more flexible measures which will allow the Company to raise funds in a timely manner when any appropriate investment opportunities arise.

The Group has been actively seeking appropriate opportunities in the financial services, property investments and other sectors. The Company has received sizable investment proposals in relation to natural resources projects from time to time, and the consideration for such investment proposals are expected to be substantive and may exceed HK\$100 million. Some of the potential investment proposals have been declined after preliminary due diligence and feasibility studies, as a result no investment plan has materialised, and approximately 80% of the net proceeds from the rights issue announced by the Company in April 2011 was retained for future potential investments if and when opportunities arise.

Although the existing cash reserve of the Group is sufficient to meet its present requirements, the Company considers that raising additional funds for future potential investments of the Group is in line with its conservative and cautious approach in conducting its business. Having considered that (i) the Group has been conservatively assessing its financial position and due diligence on potential investment projects; (ii) any potential investment may require substantive funding; (iii) the financial position of the Group recorded a loss for the six months ended 30 June 2011 mainly due to the effects of fair value adjustments; (iv) the Issue Mandate would enhance the financial flexibility of the Group and enhance its ability to raise funds for future investments and business development if necessary; and (v) a stronger capital base may enhance the Company's bargaining position and secure sizeable investments for the Group, the Directors consider that it is necessary and appropriate to request for Independent Shareholders' approval for the granting of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

The Board intends to rebalance and increase weights of project investments and property investments in the Group's business portfolio. The business portfolio rebalancing can help to diversify

LETTER FROM THE BOARD

the risk exposure of different business segments of the Group. The Company believes that investment opportunities may arise at any time and investment decisions may have to be made within a short period of time. Therefore, the Board considers that it is important for the Company to be able to raise funds rapidly in order to seize the investment opportunities that may arise. To this end, the Directors believe that the granting of Issue Mandate will give the Company the flexibility to raise additional funds and to issue shares as part of the consideration for future potential investments in projects and properties; therefore, the Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. The Board would consider other means of fund-raising such as a rights issue or open offer, or to seek for a specific mandate when a specific usage requiring further funds can be identified. However, as at the Latest Practicable Date, the Company has no specific plan for further fund raising and the Group has not yet identified or planned any specific applications or uses in which the Issue Mandate would be utilised for.

Based on the 2,723,843,685 Shares in issue as at the Latest Practicable Date and assuming that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, subject to the passing of the relevant ordinary resolution to approve the granting of Issue Mandate at the EGM, the Directors will be authorised to allot and issue up to 544,768,737 new Shares under the Issue Mandate. As such, the full utilisation of the Issue Mandate may result in possible future dilution effect in the shareholding upon issue of new Shares under the Issue Mandate. However, having considered the benefits resulting from the granting of the Issue Mandate discussed above, the Company considers such potential future dilution of shareholding to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

The Independent Board Committee, comprising Mr. Cheung Wing Ping, Mr. Wen Louis, Mr. Yau Yan Ming, Raymond, Mr. Frank H. Miu and Mr. Gary Drew Douglas, all being the independent non-executive Directors, has been formed to consider the proposal for the granting of Issue Mandate. Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

6. REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Pursuant to Rule 17.03(3) of the Listing Rules, the Company may seek approval by its Shareholders in general meeting for “refreshing” the 10% limit under the Share Option Scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company (or its subsidiaries) under the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of approving refreshment of the limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limits as “refreshed”. The limit on the number of Shares which may

LETTER FROM THE BOARD

be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares of the Company (or its subsidiaries) in issue from time to time. No options may be granted under any schemes of the Company (or its subsidiaries) if this will result in the limit being exceeded.

The existing limit of the Share Option Scheme was refreshed at the AGM, pursuant to which the Directors were authorised to grant options to subscribe for up to a maximum number of 29,606,996 Shares, which represented 10% of the total issued share capital of the Company as at the date of the AGM. As at the Latest Practicable Date, the Company has not granted any share options thereunder. However, subsequent to completion of the share subscription of 59,213,993 new Shares in May 2011, the rights issue of 2,368,559,728 new Shares in June 2011 and the repurchase and cancellation of 2 Shares on 17 October 2011, the issued share capital of the Company has been enlarged to 2,723,843,685 Shares. At the Latest Practicable Date, the Company was allowed to grant 29,606,996 share options carrying rights to subscribe for up to 29,606,996 new Shares, representing approximately 1.25% of the issued share capital of the Company as at the Latest Practicable Date.

Since the refreshment of the existing limit of the Share Option Scheme on 18 May 2011 and up to the Latest Practicable Date, no options have been granted, exercised, lapsed or cancelled under the Share Option Scheme. There was no option granted by the Company under the Share Option Scheme in the past 12 months. There are no options under the Share Option Scheme or any other schemes of the Company granted which remain outstanding or unexercised as at the Latest Practicable Date.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders to refresh the scheme mandate limit of the Share Option Scheme at the EGM if there is any increase in the number of issued Shares after the Latest Practicable Date and prior to the EGM. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the total number of Shares in issue was 2,723,843,685. Assuming no Shares are allotted, issued and repurchased prior to the EGM, and no share options are being granted prior to the EGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorised to issue options to subscribe for a total of 272,384,368 Shares, representing 10% of the total number of Shares in issue as at the date of EGM. The 29,606,996 share options allowed to be granted but not previously granted under the Share Option Scheme will entirely be superseded by the refreshed scheme mandate limit upon Shareholders' approval of the proposed refreshment of the scheme mandate limit at the EGM. The refreshed scheme mandate limit representing additional share options to subscribe for 242,777,372 new Shares would be able to be granted thereunder assuming that at the Date of EGM the total number of shares in issue would remain as 2,723,843,685. The Company considered the refreshment of the scheme mandate limit would provide incentive and motivation to the participants of the Share Option Scheme and acknowledge their contribution to the growth of the Group.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option Scheme and the aggregate number of Shares which may be

LETTER FROM THE BOARD

issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

The refreshment of the scheme mandate limit is conditional upon:

- (a) the Shareholders' approval at the EGM; and
- (b) the Listing Committee granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit of the Share Option Scheme.

Application will be made to the Listing Committee for obtaining the approval mentioned in paragraph (b) above. At the Latest Practicable Date, no part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

NOTICE OF EGM

The notice of the EGM is set out on pages 44 to 48 of this circular. At the EGM, resolutions will be proposed to approve, among others, the Capital Reorganisation, the Further Capital Reduction, the granting of Specific Mandate, the granting of Issue Mandate, refreshment of scheme mandate limit of the Share Option Scheme. All resolutions will be put to vote by way of poll at the EGM and an announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed herein. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the 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 as soon as possible but in an event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, Freeman Group and Ms. Au Shuk Yee, Sue, a director of Freeman holds 130,000,000 Shares and 2,120,000 Shares representing about 4.77% and 0.08% respectively of the then issued share capital of the Company whilst Mr. Andrew Liu, another director of Freeman, indirectly holds 37,926,000 Shares representing about 1.39% of the then issued Share capital of the Company. As at the Latest Practicable Date, Mr. Wong Ying Seung, Asiong, Vice Chairman of the Company, holds 1,205,000 Freeman Shares representing about 0.03% of the issued

LETTER FROM THE BOARD

share capital of Freeman and also holds 18,896,000 Shares representing about 0.69% of the then issued share capital of the Company. Freeman Group, Ms. Au Shuk Yee, Sue, Mr. Andrew Liu and Mr. Wong Ying Seung, Asiong are required to abstain from voting at the EGM in respect of the resolution relating to the granting of Specific Mandate.

Pursuant to Rule 13.36(4) of the Listing Rules, the granting of Issue mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. As at the Latest Practicable Date, Dr. Chuang Yueheng, Henry (the chairman of the Company and executive Director) held 215,214,688 Shares, Mr. Wong Ying Seung, Asiong (the vice chairman of the Company and executive Director) held 18,896,000 Shares and Mr. Fung Yue Tak, Derek (an executive Director) held 100,000,000 Shares, representing 7.90%, 0.69% and 3.67% respectively of the then issued share capital of the Company. Saved as disclosed, none of the executive Directors and the chief executive of the Company and their respective associates hold any Shares. Since there is no controlling Shareholder of the Company, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting in favour at the EGM in respect of the resolution relating to the granting of Issue Mandate.

No Shareholder will be required to abstain from voting at the EGM in respect of the resolutions relating to the Capital Reorganisation, Further Capital Reduction or the proposed refreshment of the scheme mandate limit of the Share Option Scheme.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 33 of this circular and the letter from Vinco Capital containing its advice and the principal factors which it has considered in arriving at its advice with regard to the granting of Issue Mandate as set out on pages 34 to 43 of this circular.

The Board is of the opinion that all above proposals are in the best interests of the Company, Independent Shareholders and Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of all resolutions to be proposed at the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Willie International Holdings Limited

威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

30 November 2011

To the Independent Shareholders

Dear Sir or Madam,

PROPOSAL FOR THE GRANTING OF ISSUE MANDATE

We refer to the circular from the Company to the Shareholders dated 30 November 2011 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the granting of Issue Mandate which will enable the Board to exercise the power of the Company to allot, issue and deal with the new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the granting of Issue Mandate is fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 34 to 43 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 32 of the Circular.

Having considered the granting of Issue Mandate and the advice of Vinco Capital, we consider that the granting of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the granting of Issue Mandate is in the interests of the Company and its Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the granting of Issue Mandate.

Yours faithfully,

For and on behalf of the
Independent Board Committee

comprising all five independent non-executive Directors

Mr. Cheung Wing Ping

Mr. Wen Louis

Mr. Yau Yan Ming, Raymond

Mr. Frank H. Miu

Mr. Gary Drew Douglas

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the granting of Issue Mandate which has been prepared for the purpose of incorporation in this circular:



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

30 November 2011

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

Dear Sirs,

PROPOSAL FOR THE GRANTING OF ISSUE MANDATE

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 granting of Issue Mandate to authorise the Directors to allot, issue and deal with new Shares, details of which are set out in the "Letter from the Board" in the circular issued by the Company to the Shareholders dated 30 November 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.

At the annual general meeting of the Company held on 18 May 2011 (the "AGM"), the Shareholders approved an ordinary resolution to grant the Directors the general mandate to issue, allot and deal with up to 59,213,993 new Shares (the "General Mandate"), which is equivalent to 20% of the then issued share capital of the Company as at the date of the AGM.

On 19 May 2011, the Company entered into a subscription agreement pursuant to which 59,213,993 Shares were issued and allotted to an independent third party investor, of which the General Mandate was fully utilised. In order to provide a flexible mean for the Company to raise further funds for its future business development and/or through the issue of new Shares whenever merger and acquisition opportunities arise, the Board proposes the granting of Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

On the basis that no Share will be issued or repurchased by the Company prior to the EGM, the Directors will be authorised to allot, issue and deal with up to a maximum of 544,768,737 Shares.

LETTER FROM VINCO CAPITAL

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the Issue Mandate. As at the Latest Practicable Date, three of the Directors of the Company, Dr. Chuang Yueheng, Henry, Mr. Wong Ying Seung, Asiong, and Mr. Fung Yue Tak, Derek, together with their associates held 215,214,688 Shares, 18,896,000 Shares, and 100,000,000 Shares, representing approximately 7.90%, approximately 0.69% and approximately 3.67% of the issued share capital of the Company respectively. Accordingly, as there is no controlling Shareholder of the Company, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting in favour at the EGM in respect of the resolution relating to the granting of Issue Mandate.

The Independent Board Committee, comprising Mr. Cheung Wing Ping, Mr. Wen Louis, Mr. Yau Yan Ming, Raymond, Mr. Frank H. Miu and Mr. Gary Drew Douglas, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the granting of Issue Mandate. 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 granting of Issue Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company is 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 granting of Issue Mandate.

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 and management of the Group. 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 and management of the Group, 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 Group. 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 and management of the Group.

LETTER FROM VINCO CAPITAL

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.

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.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the granting of Issue Mandate 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 granting of Issue Mandate 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 granting of Issue Mandate, 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 investments in securities trading, money lending, property investment and investment holding.

As set out in the “Letter from the Board”, the Directors are seeking the passing of the ordinary resolution at the EGM to grant the general and unconditional mandate to the Board to exercise all powers of the Company to allot and issue new Shares up to 20% of the issued share capital of the Company as at the date of passing such resolution at the EGM.

The General Mandate was granted to the Directors at the AGM held on 18 May 2011 to issue, allot and deal with up to 59,213,993 new Shares, which is equivalent to 20% of the then issued share capital of the Company as at the date of the AGM.

The Company entered into a placing agreement on 19 May 2011. Accordingly, 59,213,993 Shares had been successfully placed to an independent third party investor and the net proceeds from the placing amounted to approximately HK\$11.84 million has been fully utilised for the Group’s general working capital. As a result, the General Mandate to issue new Shares was fully utilised. Therefore, the Board proposed to pass an ordinary resolution at the EGM to approve the proposed granting of Issue Mandate in accordance with Rule 13.36 (4) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of

LETTER FROM VINCO CAPITAL

the issued share capital of the Company as at the date of the EGM. The Issue Mandate will be in force when it is approved by the Independent Shareholders at the EGM. Based on the 2,723,843,685 Shares in issue as at the Latest Practicable Date and assuming that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, subject to the passing of the relevant ordinary resolution to approve the granting of Issue Mandate at the EGM, the Directors will be authorised to allot and issue up to 544,768,737 new Shares under the Issue Mandate.

2. *Fund raising activities in the past 3 years*

The following table summarizes the information relating to the Company's fund raising activities in the past 3 years immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised <i>(approximate)</i>	Intended use of net proceeds <i>(approximate)</i>	Actual use of net proceeds as at the Latest Practicable Date <i>(approximate)</i>
8 July 2009	Placing of 77,990,000 new Shares issued under general mandate at the placing price of HK\$1.00 each	HK\$75.97 million	For general working capital including potential investment in energy related sectors	(i) HK\$40 million for business of provision of financial services; and (ii) HK\$35.97 million for securities trading.
28 December 2009	Placing of 200,000,000 new Shares issued under specific mandate at the placing price of HK\$0.45 per placing share	HK\$87.25 million	(i) HK\$75 million for capital injection in money lending business; and (ii) for payment of acquisition of a commercial premise	(i) HK\$75 million for capital injection in money lending business, and (ii) HK\$12.25 million for acquisition of a commercial premise as investment property,
9 June 2010	Placing of 171,437,476 new Shares issued under general mandate at the placing price of HK\$0.255 each	HK\$42.50 million	For general working capital	(i) HK\$38 million for securities trading business; and (ii) HK\$4.50 million for repayment of mortgage loans

LETTER FROM VINCO CAPITAL

Date of announcement	Event	Net proceeds raised <i>(approximate)</i>	Intended use of net proceeds <i>(approximate)</i>	Actual use of net proceeds as at the Latest Practicable Date <i>(approximate)</i>
3 August 2010	Placing of 205,724,971 new Shares issued under issue mandate at the placing price of HK\$0.165 each	HK\$32.89 million	For general working capital	(i) HK\$2 million for operating expenses; (ii) HK\$3.50 million for repayment of mortgage loans; and (iii) HK\$27.39 million for securities trading business
29 October 2010	Placing of 246,000,000 new Shares issued under issue mandate at the placing price of HK\$0.18 each	HK\$42.93 million	For potential investments	(i) HK\$10.10 million for LNG project; and (ii) the rest for acquisition of investment in Capital VC Limited
8 April 2011	Rights issue of 2,368,559,728 rights shares at HK\$0.125 per rights share on the basis of eight rights shares for every share held on the record date	HK\$286.72 million	20% for general working capital ; and the balance to finance any potential investment opportunities as and when they arise	(i) 20% for business of securities trading and provision of financial services; (ii) HK\$42.17 million for acquisition of investment in Capital VC Limited; and (iii) the rest is maintained at bank
19 May 2011	Subscription of 59,213,993 new Shares issued under the General Mandate at the subscription price of HK\$0.20 each	HK\$11.84 million	For general working capital	For business of securities trading and provision of financial services

Save as disclosed above, the Directors confirmed that the Company has not conducted any other fund raising activities during the past 3 years immediately prior to the Latest Practicable Date. As noted from the table above, save for the net proceeds of approximately HK\$187.21 million from the rights issue in April 2011 has not yet fully utilized, we are of the view that the actual use of proceeds was generally in line with the intended use of proceeds.

3. Financial flexibility

The Directors believed that the granting of Issue Mandate will provide the Company with additional flexibility in deciding the source of finance for any potential investment opportunities that may arise in the future.

LETTER FROM VINCO CAPITAL

As set out in the “Letter from the Board”, the Group has been actively seeking appropriate opportunities in the financial services, property investments and other sectors. The Company has received sizable investment proposals in relation to natural resources projects from time to time, and the consideration for such investment proposals are expected to be substantive and may exceed HK\$100 million. Some of the potential investment proposals have been declined after preliminary due diligence and feasibility studies since the Directors considered that such investment proposals could not meet the general targets set by the Board, which are to be safe with good returns. As a result the Group has not yet identified or planned any specific applications or uses in which the Issue Mandate would be utilised for.

The Board is of the view that in order to maintain a strong cash flow for its potential future developments and enhance the bargaining power of the Group in negotiation of large scale investments or acquisition in sizeable investment projects, including but not limited to the existing businesses like investments in securities trading, money lending, property investment, as well as other sectors like natural resources sector and environmental related sectors, it is necessary to propose the granting of Issue Mandate. The granting of Issue Mandate will also enhance the potential acquisition war-chest of the Company by up to 20% of its existing market capitalisation, as any potential vendors will be inclined to consider the Company as a credible purchaser given it has the ability to raise funds immediately. Potential vendors may also require the Company to issue Shares fully or partially as consideration instead of cash.

For large-scale investment opportunities, the total amount of consideration can be substantial as to the cash position of the Group. As advised by the Directors, attractive investment opportunities usually attract a number of other potential investors competing with the Company and timeliness is thus an important factor in securing an investment. The grant of Issue Mandate will therefore provide flexibility and timeliness to the Company in dealing with the target without inducing any adverse effect on the cash position and thus the liquidity of the Group.

If favourable large-scale investment opportunities are not available or the general market condition is unstable, the Group may want to search for investment opportunities of small to moderate scale. Given its business nature, the Group will keep exploring any attractive investment projects to diversify the investment portfolio of the Group and diversify the firm-specific risks of the portfolio. As advised by the Directors, depending on the resources of the Group and the scale of the investment projects available, the number of investment projects will not be limited to one or two investments. In order to give the Company greater flexibility in issuing new Shares and/or convertible instruments in the future, the Board considers that the Issue Mandate can provide flexible means to the Company to fulfil whole or partial payments of investment projects if and when the opportunities arise. Therefore, the grant of Issue Mandate can support the continuous exploration of attractive investment opportunities of the Group in this regard.

The Company has approximately HK\$187.21 million unused funds raised from the rights issue in May 2011 as no specific investment project with suitable and attractive returns has been identified at the current moment. With reference to the Letter from the Board, the proposed Freeman Subscription may also collectively enhance the bargaining position and share the capital requirement in future potential investment project. However, as mentioned on the above, the potential financing flexibility that the Issue Mandate would provide will not be only in fulfilling any capital requirements

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in future potential investment opportunities of the Company, but also the flexibility in deciding the forms and structures of the consideration payable by the Company. The compositions of consideration, which can be in terms of solely consideration shares or a combination of both cash and consideration shares upon the grant of Issue Mandate, will also play an important factor on the bargaining position of the Company in the negotiation with the potential vendor or owner of the target investment. Having taken into account of the growth potential of an equity interest, the offering with consideration shares, settled fully or partially, may increase the attractiveness on the consideration package offered by the Company.

In case the consideration shares is issued by the use of specific mandate, it will substantially lengthen the time required to complete the investment projects since approval of Shareholders must be obtained in extraordinary general meeting to be held for the proposed investment project. The Company would not be able to enjoy the flexibility in using consideration shares as initial deposit placed to the investees or vendors. The use of specific mandate may deteriorate the timeliness of payment, and therefore the bargaining position and the attractiveness of the consideration package offered by the Company since investees or vendors generally prefer prompt settlement of the consideration. As we noted from the market, there were cases that listed companies issued consideration shares as initial deposits placed to the vendors. Even though these listed companies have different principal business with the Company and the underlying transaction may vary case to case, we cannot eliminate the likelihood that companies may issue consideration shares as initial deposit. As such, we concur with the view of the Directors that the situation will depend on the preference of the vendors and such probability cannot be neglected.

On the other hand, as advised by the Directors, the Company and Freeman currently do not have any common target investments as they have different focuses on investments previously. Given the fact that (1) the General Mandate granted to the Directors on 18 May 2011 has been fully utilised; (2) the Company will not be able to obtain the general mandate until the next annual general meeting which is expected to be in May 2012; (3) a period of time would be needed for both Freeman and the Company to identify any common target investments if the Freeman Subscription has been approved by Shareholders and completed, we concur with the view of the Directors that the Issue Mandate will be able to provide the flexibility in financing and terms structuring of investment projects throughout the gap period before the next annual general meeting.

After reviewing the fund raising history of the Company during the past 3 years immediately prior to the Latest Practicable Date, we noted that the Company has conducted 7 fund raising activities, but all of which the fund raised has been applied to its principal businesses accordingly, namely in securities trading, money lending, project investment or property investment.

As discussed with the Directors, we noted that the existing cash reserve of the Group is sufficient to meet its present requirements. We further noted that the Company intends to rebalance and increase the weights of project investments and properties investments in its business portfolio. Such kind of business portfolio rebalancing can help to diversify the overall risk exposure and to enhance the reward-to-risk position of the Group. The Issue Mandate is therefore intended for raising additional funds or issuing shares as part of the consideration for future potential investments in projects and properties. For the investments to be made by the Company, all the investment decisions will be made only after due and careful assessment by the Board. However, as advised by the Directors, the

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loss-making results in recent years were mainly due to instability in the global financial market, which has led to decrease in fair value of the securities investments held by the Company. Since the global financial crisis in 2008, the global securities market has experienced unprecedented market fluctuation and turbulence. Even with the effort in diversifying its portfolio, the Group still suffered from the downturn of the global market as a result of the systematic risk which is non-diversifiable in nature. Nevertheless, to turn around and improve the performance the Group may need a considerable amount of financial resource for new investment projects. In case the Board do not want to liquidate any investment in its current portfolio, which may be due to a number of factors including unfavourable timing and the potential return on the projects, internal resources and fund raising activities may be necessary to finance such new investments. Given the loss-making results in recent years, the Group may have difficulties in obtaining bank financing with acceptable terms. On the other hand, the use of rights issue, open offer or placing pursuant to specific mandate, will be unable to provide the same level of flexibility and timeliness as the Issue Mandate since such methods are usually more costly, time-consuming and involve higher uncertainty. Despite the pro-rata equity financing may allow participating Shareholders to maintain their respective interests, the non-participating Shareholders may suffer even greater dilution effect under these types of fund raising activities, as it is not unusual that substantial discount would be imposed in the rights issues or open offer to make it attractive to participating Shareholders. In light of the above, we are of the view that the grant of Issue Mandate is reasonable and in the interest of the Group and Shareholders as a whole.

We consider that the Issue Mandate could also enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise, decisions may have to be made within a short period of time. As the next annual general meeting will not be convened until around May 2012 (which is about six months before the next annual general meeting of the Company), the Issue Mandate would thus provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to raise capital through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the Issue Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

4. *Other financing alternatives*

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. As confirmed by the Directors, the Issue Mandate can provide another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. Moreover, the Issue Mandate can be an important avenue of resources to the Company since it is a way of equity financing which (1) will not incur interest payment obligation on the Company as compared with bank financing; and (2) is less costly and time-consuming when compared to other types of equity financing, e.g. rights issue or open offer, for which a longer time span is expected for the completion and a larger amount of expenses is expected to be incurred. Given that the Group has loss-making financial results in recent years, the Company may also have

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difficulties in obtaining bank financing or other debt financing with terms acceptable to the Company. Taking into account of the above, we consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group. In view of the foregoing, in particular, the next annual general meeting will not be convened until around May 2012 and the Issue Mandate represents a better way of financing method than others types of equity financing and debt financing, we concur with the Directors' view that the Issue Mandate is fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

5. *Potential Dilution to the Shareholding Interests of Independent Shareholders*

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding upon Full Utilisation of Issue Mandate	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Director				
Dr. Chuang Yueheng, Henry (<i>Note</i>)	215,214,688	7.90	215,214,688	6.58
Mr. Wong Ying Seung, Asiong	18,896,000	0.69	18,896,000	0.58
Mr. Fung Yue Tak, Derek	100,000,000	3.67	100,000,000	3.06
Other/ Substantial Shareholders				
Public Shareholders	2,389,732,997	87.74	2,389,732,997	73.11
New Shares to be issued under the full utilisation of Issue Mandate			544,768,737	16.67
Total	<u>2,723,843,685</u>	<u>100.00</u>	<u>3,268,612,422</u>	<u>100.00</u>

Note: Dr. Chuang Yueheng, Henry is the chairman of the Company and an executive Director.

Independent Shareholders should be reminded that the utilisation of the Issue Mandate may result in possible dilution effect as shown from the table above. In case the Issue Mandate is fully utilised, the shareholdings of Independent Shareholders will be diluted from approximately 87.74% to approximately 73.11%. Having considered that: (1) the grant of Issue Mandate will provide financial flexibility without inducing any adverse effect on the liquidity of the Group throughout the continuous identification process of attractive investment projects; (2) there will be no immediate dilution effect until the utilisation of such mandate; and (3) the grant of the Issue Mandate may enhance the Group's bargaining power in securing attractive investment projects, we are of the view that such degree of dilution is justifiable in this sense.

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D. CONCLUSION

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

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 the Extraordinary General Meeting of Willie International Holdings Limited (the “Company”) will be held at 9:00 a.m. on Thursday, 22 December 2011 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and if thought fit, passing with or without modification the following resolutions as resolutions of the Company:

SPECIAL RESOLUTIONS

1. **“THAT** conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Adjusted Shares (as defined below) and (ii) the Capital Reduction (as defined below) becoming effective on the registration by the Registrar of Companies in Hong Kong of a copy of resolution passed by the holders of the shares of the Company, a copy of a minute containing the particulars required under section 61A of the Companies Ordinance (Laws of Hong Kong, Cap 32) (the “Companies Ordinance”) and a statement in the prescribed form signed by an officer of the Company certifying that the relevant conditions under the Companies Ordinance have been satisfied:
 - (i) the authorised share capital of the Company be reduced from HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 10,000,000,000 shares of HK\$0.002 each and that such reduction be effected by cancelling share capital paid up or credited as paid up to the extent of HK\$0.008 per share upon each of the shares in issue and by reducing the nominal value of all the issued and unissued shares in the share capital of the Company from HK\$0.01 to HK\$0.002 per share (the “Capital Reduction”);
 - (ii) subject to and forthwith upon the Capital Reduction taking effect, every 5 shares of such 10,000,000,000 shares of HK\$0.002 each be consolidated into one share of HK\$0.01 (the “Adjusted Share”) in the share capital of the Company (the “Share Consolidation”);
 - (iii) subject to the Capital Reduction taking effect, the credit arising from the Capital Reduction be credited to the share premium account of the Company;
 - (iv) all of the Adjusted Shares resulting from the Capital Reduction and the Share Consolidation shall rank *pari passu* in all respects and have the rights and privileges and be subject to the restrictions contained in the Company’s articles of association; and
 - (v) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction, the Share Consolidation and the application of credit arising from the Capital Reduction.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. **“THAT:**

- (i) subject to the confirmation by the Court of First Instance of the High court of Hong Kong (the “High Court”) and the registration by the Registrar of Companies in Hong Kong of a copy of the order of the High Court and the minute containing the particulars required by section 61 of the Companies Ordinance (Laws of Hong Kong, Cap 32), the amount standing to the credit of the share premium account of the Company to the extent of HK\$1,322,183,562 (which represents the audited balance of the accumulated losses account of the Company as at 31 December 2010) be hereby reduced and the credit arising from such reduction be applied to set off against an equal amount in the accumulated losses account of the Company (the “Further Capital Reduction”) subject to any conditions that may be imposed by the High Court; and
- (ii) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Further Capital Reduction.”

ORDINARY RESOLUTIONS

3. **“THAT:**

- (i) the subscription by Freeman Financial Corporation Limited (“Freeman”) of either (i) 641,063,394 new shares of par value of HK\$0.01 each in the Company if the Capital Reduction and the Share Consolidation (both of which are defined in the aforesaid special resolution numbered 1) have not become effective or (ii) 128,212,678 Adjusted Shares (as defined in the aforesaid special resolution numbered 1) of par value of HK\$0.01 each in the Company if the Capital Reduction and the Share Consolidation have become effective (the “Willie Subscription Shares”) pursuant to the conditional share subscription agreement dated 30 September 2011 between the Company and Freeman (the “Share Subscription Agreement”), a copy of which having been produced to this meeting marked “A” and initialed by the chairman of this meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- (ii) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in the Willie Subscription Shares, the directors of the Company (the “Directors”) be and are hereby authorised to issue and allot the Willie Subscription Shares pursuant to and in accordance with the terms and conditions of the Share Subscription Agreement; and
- (iii) the Directors be and are hereby authorised to do all things and execute all documents which they consider appropriate and desirable for the implementation of and giving effect to the subscription of the Willie Subscription Shares by Freeman pursuant to and in accordance with the terms and conditions of the Share Subscription Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT:

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B), otherwise than (i) a Rights Issue (as hereafter defined) or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company or (iii) an issues of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of shares or right to acquire shares of the Company or (iv) an issue of shares as scrip dividend pursuant to the articles of association of the Company, from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of Hong Kong to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

5. “**THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares in the Company under the share option scheme adopted by the Company on 20 November 2002 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of shares of the Company which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme), shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

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

Hong Kong, 30 November 2011

Registered and Principal Office:

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

Notes:

1. A form of proxy to be used for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting is 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 duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

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4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, 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 name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

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

Executive Directors:

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

Independent non-executive Directors:

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