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Willie International Holdings Limited

威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

**DISCLOSEABLE TRANSACTIONS —
DEEMED DISPOSAL
OF EQUITY INTEREST IN A SUBSIDIARY
AND
DISPOSAL OF PART OF INTEREST IN ASSOCIATES**

THE DEEMED DISPOSAL

On 6 July 2015, Co-Lead (an indirect subsidiary of the Company) entered into the Share Swap Agreement with Color State and West West whereby Co-Lead will allot and issue new Co-Lead Shares in exchange for FCL Shares held by Color State and West West respectively. Upon completion of the Share Swap Agreement, the Group's equity interest in Co-Lead will reduce from approximately 72.99% to approximately 60.45%.

THE DISPOSAL

On 6 July 2015, upon Co-Lead's exercise of its discretion to acquire more than 35% interest in the issued share capital of FCL (an associate of Co-Lead), Co-Lead's sale of 81,717,607 FCL Shares to Mr. Kwong for the consideration of HK\$259,861,990.26 was triggered upon receiving his notice of exercise of the Call Option.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Deemed Disposal and the Disposal respectively is more than 5% but less than 25%, the Deemed Disposal and the Disposal constitute two discloseable transactions of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

THE DEEMED DISPOSAL — SHARE SWAP AGREEMENT

On 6 July 2015 (after trading hours), Co-Lead (an indirect subsidiary of the Company) entered into the Share Swap Agreement with Color State and West West whereby Co-Lead will allot and issue new Co-Lead Shares in exchange for FCL Shares held by Color State and West West respectively. Upon completion of the Share Swap Agreement, the Group's equity interest in Co-Lead will reduce from approximately 72.99% to approximately 60.45%.

Set out below are the principal terms of the Share Swap Agreement:

Parties:

- (1) Purchaser: Co-Lead, an indirect subsidiary of the Company
- (2) Vendors: Color State and West West

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Color State and its ultimate beneficial owners as well as West West and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Color State and West West are third parties independent of each other.

Nature of transaction and assets to be exchanged

Pursuant to the Share Swap Agreement, Co-Lead agreed to:

- (i) buy 55,000,000 FCL Shares (representing approximately 4.38% direct equity interest in FCL) from Color State in exchange for 550 new Co-Lead Shares (representing approximately 11.08% interest in Co-Lead's enlarged share capital, which in turn representing approximately 4.38% indirect equity interest in FCL) to be allotted and issued by Co-Lead; and
- (ii) buy 30,344,827 FCL Shares (representing approximately 2.41% direct equity interest in FCL) from West West in exchange for 303 new Co-Lead Shares (representing approximately 6.11% equity interest in Co-Lead's enlarged share capital, which in turn representing approximately 2.41% indirect equity interest in FCL) to be allotted and issued by Co-Lead.

Consideration

The consideration under the Share Swap Agreement was determined after arm's length negotiations between Co-Lead, Color State and West West. The consideration under the Share Swap Agreement is in the form of exchanging FCL Shares for new Co-Lead Shares on the basis of no change in the percentage of beneficial interest in FCL Shares held by Color State and West West. The exchange ratio has been determined as: 1 new Co-Lead Share in exchange for 100,000 FCL shares.

Conditions precedent

Completion of the Share Swap Agreement shall be subject to and conditional upon the following conditions being fulfilled:-

- (i) if applicable, the compliance with the shareholders' approval requirements under the Listing Rules by the Company in relation to the Share Swap Agreement and the transactions contemplated thereunder; and
- (ii) if applicable, the obtaining of all consents from regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Swap Agreement and the transactions contemplated thereunder.

Termination

If the above-mentioned conditions precedent are not fulfilled on or before 5:00 p.m. on 6 August 2015 (or such later date as may be agreed between Co-Lead, Color State and West West in writing), the Share Swap Agreement shall terminate and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Share Swap Agreement for costs, damages, compensation or otherwise.

Completion

Completion shall take place on the third Business Day after the date on which the above mentioned conditions precedent shall have been satisfied (or such other date as the parties hereto may agree in writing).

THE DISPOSAL - SALE OF PART OF INTEREST IN ASSOCIATES

On 6 July 2015 (after trading hours and after execution of the Share Swap Agreement), upon Co-Lead's exercise of its discretion to acquire more than 35% interest in the issued share capital of FCL, Co-Lead's sale of 81,717,607 FCL Shares to Mr. Kwong for the consideration of HK\$259,861,990.26 was triggered upon receiving his notice of exercise of the Call Option. Upon completion of the Share Swap Agreement and the Call Option, Co-Lead's shareholding in FCL will reduce from approximately 39.48% to approximately 32.98%.

Set out below are the principal terms of the Call Option under the Options Agreement dated 22 June 2015:

Parties:

- (1) Seller: Co-Lead, an indirect subsidiary of the Company
- (2) Buyer: Mr. Kwong

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Kwong is a third party independent of the Company and its connected persons as defined under the Listing Rules. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Kwong, Color State and West West are third parties independent of each other.

Nature of transaction and assets to be disposed of

Pursuant to a notice of exercise of the Call Option served by Mr. Kwong on Co-Lead under the Options Agreement, Co-Lead will sell 81,717,607 FCL Shares (representing approximately 6.5% of the issued share capital of FCL) to Mr. Kwong. Co-Lead's exercise of its discretion to acquire more than 35% interest in the issued share capital of FCL was the event triggering Mr. Kwong's exercise of the Call Option pursuant to the Options Agreement.

Consideration

The consideration for selling FCL Shares under the Options Agreement was determined after arm's length negotiations between Co-Lead and Mr. Kwong. The exercise price of the Call Option pursuant to the Options Agreement was based on the carrying value of FCL Shares held by Co-Lead as at 31 December 2014 as reflected in the Group's audited consolidated financial statements, i.e. HK\$3.18 per FCL Share or HK\$259,861,990.26 in total for 81,717,607 FCL Shares. The aggregate consideration in the sum of HK\$259,861,990.26 will be paid by Mr. Kwong by way of a promissory note within 5 Business Days after the date of the exercise of the Call

Option. Mr. Kwong's promissory note will be settled in cash within 1 month from the date of exercise of the Call Option without interest. The premium received by Co-Lead for granting the Call Option was at a nominal amount of HK\$1. The Company intends to apply the sale proceeds receivable under the Call Option as Co-Lead's general working capital and/or making future investments.

Completion

Completion of the Call Option shall take place within 5 Business Days after the date of notice of the exercise of the Call Option upon Co-Lead's receipt of Mr. Kwong's promissory note and Co-Lead's delivery of an instrument of transfer accompanying by the relevant share certificate(s) in respect of the FCL Shares to be sold by Co-Lead under the Call Option.

INFORMATION ON CO-LEAD

Co-Lead is a company incorporated in the British Virgin Islands with limited liability and is an indirect subsidiary of the Company. Co-Lead is a special purpose vehicle engaged in holding 300,000,000 FCL Shares (representing approximately 23.86% equity interest in FCL as at the date of this announcement) through a subscription completed in September 2014. Co-Lead's equity interest in FCL will increase from approximately 32.69% to approximately 39.48% upon completion of the Share Swap Agreement and will reduce to approximately 32.98% upon completion of the delivery of FCL Shares under the Call Option.

As Co-Lead is a company incorporated in the British Virgin Islands, no separate audited financial statements have been prepared by Co-Lead as permitted under the laws of the British Virgin Islands. Based on the latest unaudited financial statements of Co-Lead, the carrying value of unaudited net assets of Co-Lead was approximately HK\$1,330 million as at 30 June 2015. Further financial information of Co-Lead's profitability is set out as below (no comparative figures for the previous year 2013 because Co-Lead was incorporated in January 2014) with equity accounting adjustments in relation to investment in FCL:

For the year ended
31 December 2014
(HK\$'000)

Profit before taxation	71,561
Profit after taxation	71,561

Co-Lead will remain as a non-wholly owned subsidiary of the Company upon completion of the Share Swap Agreement.

INFORMATION ON FCL

FCL is a company incorporated in the Cayman Islands with limited liability and with principal business as investment holding. FCL and its subsidiaries are principally engaged in the financial services sector, including the provision of securities brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding. Certain subsidiaries of FCL have obtained the licenses to carry on regulated activities (type 1: dealing in securities, type 2: dealing in future contracts and type 6: advising on corporate finance) governed by the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

According to FCL's latest unaudited financial statements, the amount of unaudited net assets of FCL Group as at 31 March 2015 was approximately HK\$4,069 million. Further financial information of FCL Group's profitability is set out as below:

	For the year ended 31 March 2015	For the year ended 31 March 2014
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit before taxation	472,211	585,920
Profit after taxation	429,396	583,174

FCL and its subsidiaries will remain as associates of the Company upon completion of the Share Swap Agreement and the delivery of FCL Shares under the Call Option.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL AND THE DISPOSAL

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

The Group's beneficial interest in FCL's issued share capital remains as approximately 33% before and after completion of the Share Swap Agreement and the delivery of FCL Shares under the Call Option. On the one hand, the effective voting power at FCL shareholders' meetings under the control of the Group through Co-Lead will remain as approximately 33% upon completion of the Share Swap Agreement and the delivery of FCL Shares under the Call Option. On the other hand, the sale of FCL Shares under the Call Option will generate cash resources to Co-Lead by almost HK\$260 million, which can be used to expand Co-Lead's business (such as making other investments in the future) for the benefits of the shareholders of Co-Lead as a whole. After considering these benefits and the basis of determining the consideration under the Share Swap Agreement and the Call Option by reference to the carrying value of FCL Shares reflected in the Group's consolidated financial statements, the Board considers that the terms of the Share Swap Agreement and the Call Option are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Deemed Disposal and the Disposal respectively is more than 5% but less than 25%, the Deemed Disposal and the Disposal constitute two discloseable transactions of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

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| “Board” | means the board of directors of the Company; |
| “Business Day” | means any day on which licensed banks in Hong Kong generally are open for business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.; |
| “Call Option” | means the call option granted by Co-Lead to Mr. Kwong pursuant to the Options Agreement dated 22 June 2015 entered into between Co-Lead and Mr. Kwong; |

“Co-Lead”	means Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect subsidiary of the Company;
“Co-Lead Share(s)”	means the ordinary share(s) of no par value in the share capital of Co-Lead;
”Color State”	means Color State Limited, a company incorporated in the British Virgin Islands with limited liability and is a party to the Share Swap Agreement;
“Deemed Disposal”	means the allotment and issue of new Co-Lead Shares by Co-Lead to Color State and West West in exchange for FCL Shares held by them respectively pursuant to the Share Swap Agreement, resulting in a reduction of the Group’s percentage equity interest in Co-Lead;
“Directors”	means the directors of the Company;
“Disposal”	means Co-Lead’s sale of 81,717,607 FCL Shares to Mr. Kwong upon receiving a notice of exercise of the Call Option served by Mr. Kwong;
”FCL”	means Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability and is a subsidiary of Freeman;
”FCL Group”	means FCL and its subsidiaries;
”FCL Shares”	means the ordinary shares of par value at US\$0.00000005 each in the share capital of FCL;
”Freeman”	means Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 279);
”Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

”Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
”Mr. Kwong”	means Mr. Kwong Kai Sing Benny;
“Options Agreement”	means the options agreement dated 22 June 2015 entered into between Co-Lead and Mr. Kwong in relation to selling FCL Shares with the triggering event at Co-Lead’s discretion;
“Shareholders”	means shareholders of the Company;
“Share Swap Agreement”	means the share swap agreement dated 6 July 2015 entered into between Co-Lead, Color State and West West in relation to the issue of new Co-Lead Shares in exchange for FCL Shares;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
”West West”	means West West Limited, a company incorporated in the British Virgin Islands with limited liability and is a party to the Share Swap Agreement;
“US\$”	means United States dollar, the lawful currency of the United States of America;
“%”	means percentage.

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

Hong Kong, 6 July 2015

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

Executive Directors
Dr. Chuang Yueheng, Henry
Mr. Cheung Wing Ping
Ms. Cheung Ka Yee
Mr. Man Wai Chuen

Independent Non-executive Directors
Mr. Yau Yan Ming, Raymond
Mr. Frank H. Miu
Dr. Antonio Maria Santos