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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)

PLACING OF CONVERTIBLE NOTES

The Board is pleased to announce that the Company has entered into the Placing Agreement with the Placing Agent on 5 December 2006.

Pursuant to the Placing Agreement, the Placing Agent agreed to procure Placees for the Convertible Notes up to principal amount of HK\$150,000,000 which will be placed on a best effort basis. All the Placees and their respective ultimate beneficial owners will be independent of, not connected with the Company and its connected persons (as defined under the Listing Rules).

Upon full conversion of the Convertible Notes at the Initial Conversion Price, a total of 1,500,000,000 Conversion Shares will be issued, representing approximately 42.78% of the existing issued share capital of the Company and approximately 29.96% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares assuming such conversion on the date of this announcement.

The completion of the Placing is conditional upon certain conditions mentioned under the section "Conditions of the Placing". A circular containing details regarding the Placing and a notice of convening the EGM will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board is pleased to announce that the Company has entered into the Placing Agreement with the Placing Agent on 5 December 2006.

PLACING AGREEMENT

Date: 5 December 2006

Parties: The Company as the issuer and the Placing Agent

Placing Agent:

The Placing Agent is an independent third party not connected with the Company and its connected persons (as defined under the Listing Rules), and is not a connected person of the Company. The Placing Agent will receive a placing commission of 2.5% on the gross proceeds from the Placing. The above mentioned commission will be payable by the Company upon completion of the Placing. The commission was arrived at after arms length negotiation between the Company and Placing Agent.

Placees:

It is expected that the Placing Agent will procure no less than six Placees to subscribe by cash for the Convertible Notes up to principal amount of HK\$150,000,000.

All the Placees and their respective ultimate beneficial owners will be independent of, not connected with the Company and its connected persons (as defined under the Listing Rules).

Conditions of the Placing:

Completion of the Placing is conditional upon:

1. the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) listing of and permission to deal in the Conversion Shares;
2. the Stock Exchange having approved (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) the issue of the Convertible Notes, or the Company not having received any objection from the Stock Exchange to the issue of the Convertible Notes;
3. the passing by Shareholders in the EGM of a resolution to approve the Placing Agreement and the issue of the Convertible Notes and the Conversion Shares thereunder in accordance with the Listing Rules; and
4. the accuracy of the representations and warranties of the Company contained in the Placing Agreement and the accuracy of the statements of the Company made in the Placing Agreement.

If any of the above conditions have not been fulfilled by 28 February 2007 (or such later date as the Company and the Placing Agent may agree), the Placing Agreement shall lapse and become null and void and the parties will automatically be released from all obligations thereunder, save for any liability arising out of antecedent breaches.

Completion:

Completion of Convertible Notes to be placed on a best effort basis shall take place within five business days upon the fulfillment of the conditions of the Placing. (or such other date as the parties may agree). Assuming the conditions of the Placing Agreement are fulfilled on 28 February 2007, the completion date will be on 7 March 2007 (or such other date as the parties may agree).

TERMS OF THE CONVERTIBLE NOTES

Principal Terms:

The principal terms of the Convertible Notes are arrived after arms length negotiation between the Company and the Placing Agent and are summarized as follows:

Principal amount:	Up to HK\$150,000,000
Initial Conversion Price:	HK\$0.1 per Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue.
Interest rate:	0% per annum
Maturity:	The second anniversary of the date of issue of the Convertible Notes.
Yield to maturity:	Approximately 10% per annum
Redemption:	Unless previously converted in accordance with the terms and conditions of the Convertible Notes, the Company will redeem each Convertible Note on the Maturity Date at the redemption amount which is 120% of the principal amount of Convertible Notes outstanding.
Transferability:	The Convertible Notes are not transferable without the prior written consent of the Company, except by a transfer to subsidiaries or the holding company of the holders of the Convertible Notes. The Convertible Notes may not be transferred by the holder of the Convertible Notes, without the prior written consent of the Company, to any connected person (as defined under the Listing Rules) of the Company.
Conversion period:	The holders of the Convertible Notes shall have the right to convert on any business day at any time following the date of issue of the Convertible Notes until the date 7 days before (and excluding) the Maturing Date, the whole or any part (in an amount or integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Notes into Shares at the then prevailing conversion price.

Mandatory conversion:	If the closing price for each trading day during a consecutive 30 trading days period is equal to or in excess of 150% of the Initial Conversion Price (subject to adjustments), all the then outstanding Convertible Notes will be deemed to be converted at the then prevailing conversion price.
Voting:	The holders of the Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holders of the Convertible Notes.
Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.
Ranking:	The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Notes.

Conversion Shares:

Assuming HK\$150,000,000 Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the Convertible Notes at the Initial Conversion Price, a total of 1,500,000,000 Conversion Shares will be issued, representing approximately 42.78% of the existing issued share capital of the Company and approximately 29.96% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares assuming such conversion on the date of this announcement.

Conversion Price:

The Initial Conversion Price of HK\$0.1 per Share was arrived at after arm's length negotiation between the Placing Agent and the Company and:

- is equal to the closing price of HK\$0.1 per Share as quoted on the Stock Exchange on 5 December 2006, being the last trading day immediately before the release of this announcement;
- represents a discount of approximately 0.99% to the average closing price of HK\$0.101 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 5 December 2006;
- represents a discount of approximately 1.96% to the average closing price of HK\$0.102 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 5 December 2006; and

- represents a discount of approximately 12.28% to the unaudited net asset value per Share of approximately HK\$0.114 as at 30 June 2006.

Based on the comparison of the Initial Conversion Price with the recent closing price per Share and the unaudited net asset value per Share of the Group as illustrated above, the Directors consider the terms of the Convertible Notes, including the Initial Conversion Price, are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

CHANGES IN SHAREHOLDING OF THE COMPANY AS A RESULT OF THE PLACING

The changes of the shareholding of the Company as a result of the Placing are illustrated in the table as follows (assuming that there are no other changes in the issued share capital of the Company and assuming that all the Conversion Notes are converted):

	Shareholding as at the date of this announcement		Shareholding after full conversion of the Conversion Notes (assuming no adjustment to the Initial Conversion Price and no further issue of Shares as at the date of this announcement)	
	Shares	% of shareholding	Shares	% of shareholding
Shareholders				
Heritage International Holdings Limited	628,360,000	17.92%	628,360,000	12.55%
Wang Sing (<i>Note 1</i>)	250,000,000	7.13%	250,000,000	4.99%
Radford Capital Investment Limited	180,259,363	5.14%	180,259,363	3.60%
Freeman Corporation Limited	176,456,000	5.03%	176,456,000	3.52%
Wong Ying Seung, Asiong	92,984,000	2.65%	92,984,000	1.86%
Public	2,178,435,625	62.13%	2,178,435,625	43.52%
Placees	—	—	1,500,000,000	29.96%
Total	<u>3,506,494,988</u>	<u>100%</u>	<u>5,006,494,988</u>	<u>100%</u>

Note 1: Mr. Wang Sing is the brother of Mr. Wang Lin who is a Director of the Company.

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTH

The Company has not raised any funds in the past 12 months.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company intends that the net proceeds of Placing pursuant to the Placing Agreement (which would amount up to approximately HK\$146 million) to be used by the Company for general working capital purposes, possible investments in the PRC in the natural resources sectors and other sectors. At present, the Company has not earmarked how much of the placing proceeds will be used for working capital and for investment purposes. However, the Placing enables the Company to have access to cash if and when suitable investments arise. When such investments arise, the Company will determine then, how much internal resources will be used and whether any facilities will be used to fund the investment. As at the date of this announcement, the Company has reviewed several PRC projects and does not have any concrete investment commitments. In view of the current market conditions, the Directors of the Company consider that the Placing represents a good opportunity to raise further capital without immediate dilution of shareholding. The Directors of the Company consider the terms of the Placing Agreement (including the Initial Conversion Price) is fair and reasonable and in the best interest of Shareholders and the Company as a whole.

GENERAL

The Group through its various subsidiaries is principally engaged in the business of property investments, investment in trading securities, providing brokerage and financial services, and investments in coke and natural gas chemical business.

A circular containing details regarding the Placing and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Board”	Board of Directors
“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
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Notes, at the then effective conversion price
“Conversion Notes”	zero coupon convertible notes due in the year 2009 in an aggregate principal amount up to HK\$150,000,000 proposed to be issued by the Company pursuant to the Placing Agreement
“Director(s)”	director(s) of the Company

“EGM”	An extraordinary general meeting of the Company to be convened for the purpose of considering and, if though fit, approving the Placing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Conversion Price”	the initial conversion price of HK\$0.1 per Share (subject to adjustment)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the second anniversary of the date of issue of the Convertible Notes
“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for the Convertible Notes pursuant to the Placing Agent’s obligation under the Placing Agreement
“Placing”	the placing of the Convertible Notes by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Get Nice Investment Limited, a licensed corporation to carry on regulated activities 1, 4, 6 and 9 for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional convertible note placing agreement dated 5 December 2006 entered into between the Company and the Placing Agent in relation to the Placing, subject to the terms and conditions contained therein
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	Holder(s) of the Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By Order of the Board of
Willie International Holdings Limited
Chuang Yueheng Henry
Chairman

Hong Kong, 5 December, 2006

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Lo Kan Sun, Mr. Wong Ying Seung, Asiong, and Mr. Wong Lin and six independent non-executive Directors, namely, Mr. Mui Frank H., Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.