

---

**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.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

---

A notice convening the EGM to be held on Monday, 15 January 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 10 to 11 of this circular. Whether or not Shareholders are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, **Computershare Hong Kong Investor Services Limited, at Shop 1712-1716, 17/F, 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 Shareholders from attending and voting in person at the EGM or any adjourned meeting should Shareholders so wish.

22 December 2006

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
<b>NOTICE OF THE EXTRAORDINARY GENERAL MEETING</b> .....	10

---

## DEFINITIONS

---

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

“Announcement”	announcement dated 5 December 2006 related to the Placing of Convertible Notes
“Board”	the board of directors of the Company
“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
“Convertible 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
“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
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at on Monday, 15 January 2007 at 9:00 a.m., notice of which is set out on pages 10 to 11 of this circular
“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)
“Latest Practicable Date”	21 December 2006 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
“Maturity Date”	the second anniversary of the date of issue of the Convertible Notes

---

## DEFINITIONS

---

“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 of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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

Mr. Chuang Yuecheng, Henry

Mr. King Phillip

Mr. Lo Kan Sun

Mr. Wong Ying Seung, Asiong

Mr. Wang Lin

*Registered Office and Head Office*

32/F, China United Centre

28 Marble Road

North Poing

Hong Kong

*Independent Non-executive Directors*

Mr. Miu Frank H.

Mr. Nakajima Toshiharu

Ms. Lin Wai Yi

Mr. Liu Jian

Mr. Shum Ming Choy

Mr. Yau Yan Ming, Raymond

22 December 2006

*To the Shareholders,*

Dear Sir or Madam,

### **PLACING OF CONVERTIBLE NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

On 5 December 2006, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. The purpose of this circular is to provide you with information regarding the Placing and to give notice to the Shareholders of the EGM at which a resolution will be proposed to approve the Placing Agreement and the issue of Convertible Notes and the Conversion Shares.

The Board considers that to the best of their knowledge, there is no Shareholder including his connected persons and associates as defined under the Listing Rules have any material interest in relation to the Placing and the issue of Convertible Notes and Conversion Shares. As a result, no Shareholder is required to abstain from voting at the EGM.

---

## LETTER FROM THE BOARD

---

### PLACING OF CONVERTIBLE NOTES

#### 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 arm's 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 forthcoming 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.

---

## LETTER FROM THE BOARD

---

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 on fifth business day 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 arm's 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 share consolidation, share subdivision, capitalization issue, capital distribution, rights issues of shares, options over shares, right issues of other securities, issues at less than current market price, other issues at less than current market price, modification of rights of conversion and other offers to shareholders.
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.

---

## LETTER FROM THE BOARD

---

- 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 Latest Practicable Date.

### **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 the 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;



---

## LETTER FROM THE BOARD

---

- 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):

Shareholders	Shareholding as at the Latest Practicable Date		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 Latest Practicable Date)	
	<i>Shares</i>	<i>% of shareholding</i>	<i>Shares</i>	<i>% of shareholding</i>
Heritage International Holdings Limited	550,808,000	15.71%	550,808,000	11.00%
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	25,736,000	0.73%	25,736,000	0.52%
Public	2,323,235,625	66.26%	2,323,235,625	46.41%
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.

*Note 2:* As at the Latest Practicable Date, there is no outstanding convertible securities or warrant which confers the right to subscribe for Shares.

---

## LETTER FROM THE BOARD

---

### CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTH

The Company has not raised any equity 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.

### EGM

The notice of the EGM is set on pages 10 to 11 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not Shareholders are able to attend the EGM, Shareholders 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 in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 1712-1716, 17/F, 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 Shareholders from attending and voting in person at the EGM (or any adjourned meeting) should Shareholders so wish.

---

## LETTER FROM THE BOARD

---

### PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Article 81 of the Company's articles of association sets out the following procedure by which Shareholders may demand a poll.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the chairman of such meeting;
- (ii) by at least three members present in person or by proxy and entitled to vote at the meeting;
- (iii) by any member or members present in person or by proxy and representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting;  
or
- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

### 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 not contained herein the omission of which would make any statement contained in this circular misleading.

### RECOMMEDATION

The Board is of the opinion that the proposed resolution as aforesaid is in the best interests of the Company and the Shareholders as a whole, and so recommends Shareholders to vote in favour of the resolution to be proposed at the EGM.

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

---

## NOTICE OF THE 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 an extraordinary general meeting of Willie International Holdings Limited (the “Company”) will be held on Monday, 15 January 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. for the purpose of considering and, if thought fit, pass the following resolution:

#### **ORDINARY RESOLUTION**

“THAT subject to and conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of HK\$0.10 each in the Company (“Shares”) to be issued upon the exercise of the conversion rights attaching to the Convertible Notes (defined below):

- A) the entering into of a placing agreement (“Placing Agreement”) dated 5 December 2006 between the Company and Get Nice Investment Limited (“Get Nice”) to which Get Nice acting as placing agent agrees to procure placees, on a best effort basis, for zero coupon convertible notes at an aggregate principal amount of up to HK\$150,000,000 (“Convertible Notes”) (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- B) the terms and conditions of the Convertible Notes (a copy of which has been produced to this meeting marked “B” and initialed by the chairman of the meeting for identification purpose) be and are hereby approved;
- C) the directors of the Company be and are hereby authorized to (i) issue and allot the Convertible Notes; (ii) issue and allot to the holders of the Convertible Notes upon the due exercise of the conversion rights attaching to the Convertible Notes the appropriate number of new Shares and (iii) do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution”.

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

Hong Kong, 22 December 2006

*As at the date of this notice, 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. Wang Lin and six independent non-executive Directors, namely, Mr. Miu Frank H., Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*

---

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

---

*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 appointer or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
- (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 must be deposited at office of the Company's share registrar in Hong Kong, **Computershare Hong Kong Investor Services Limited, at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong** not less than 48 hours before the time for holding the meeting, and in default the instrument of proxy shall not be treated as valid.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.