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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) PLACING OF NEW SHARES UNDER GENERAL MANDATE;**
- (2) REFRESHMENT OF ISSUE MANDATE TO ISSUE AND ALLOT SHARES; AND**
- (3) REFRESHMENT OF SCHEME MANDATE LIMITED OF SHARE OPTION SCHEME**

THE PLACING

On 26 February 2007, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place on fully underwritten basis, 684,000,000 Placing Shares at the price of HK\$0.12 per Placing Share to no less than six Placers who are Independent Third Parties procured by the Placing Agent. The 684,000,000 Placing Shares under the Placing Agreement are to be issued by the Company under the General Mandate.

The 684,000,000 Placing Shares represent (i) approximately 13% of the Company's existing issued share capital; and (ii) approximately 11.50% of the Company's issued share capital as enlarged by the Placing.

The Placing is conditional upon the Listing Committee granting approval for the listing of and permission to deal in the Placing Shares.

The Placing Agreement is subject to termination on the occurrence of, amongst other things, any event of force majeure (which include events set out in details below) at or before 9:30 a.m. on the date for completion of the Placing Agreement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REFRESHMENT OF ISSUE MANDATE

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 to refresh the 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 EGM. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM.

REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

In order to provide the Company with greater flexibility in granting share options to eligible persons (including 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 at the EGM to refresh the scheme mandate limit of the Share Option Scheme at the EGM.

PLACING AGREEMENT DATED 26 FEBRUARY 2007

Pursuant to the Placing Agreement, the Placing Agent agreed to place on fully underwritten basis, 684,000,000 Placing Shares at a price of HK\$0.12 per Placing Share. The terms of the Placing Agreement are set out below:

Placing Agent:

The Placing Agent, Get Nice Investment Limited, is an Independent Third Party and is entitled to receive a placing commission equal to 2.50 % of the product between the placing price of HK\$0.12 per Placing Share and the 684,000,000 Placing Shares successfully placed by the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Number of Shares to be placed:

The 684,000,000 Placing Shares representing (i) approximately 13 % of the Company's existing issued share capital; and (ii) approximately 11.50 % of the Company's issued share capital as enlarged by the Placing.

Placees:

Not less than six professional, institutional and/or individual investors will be procured by the Placing Agent under the Placing Agreement. Each of the Placees and their respective ultimate beneficial owners will be an Independent Third Party. The Directors do not expect any Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Placing Price:

The Placing Price is HK\$0.12 per Placing Share. The Placing Price represents:

- (i) a discount of approximately 18.37 % to the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the Last Dealing Date; and
- (ii) a discount of approximately 17.70 % to the average closing price of HK\$0.1458 per Share as quoted on the Stock Exchange from 16 February 2007 to 26 February 2007, both days inclusive, being the five trading days before and including the Last Dealing Date.

The net placing price is HK\$0.117 per Placing Share. The market price of the Shares concerned on 26 February 2007, which the terms of the Placing were fixed, was HK\$0.147.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee granting approval of the listing of and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

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

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 9:30 a.m. on the date for completion of the Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

The conditions set out in the Placing Agreement is expected to be fulfilled on or before 15 March 2007, or such later date as may be agreed by the Company and the Placing Agent. The completion of the Placing is expected to take place no later than the third Business Day after fulfillment of the conditions of the Placing Agreement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

AUTHORITY TO ISSUE THE PLACING SHARES

The 684,000,000 Placing Shares under the Placing Agreement are to be issued by the Company under the General Mandate, which as at the date of this announcement, allows the Company to issue or deal with up to maximum 684,298,997 new Shares. As at the date of this announcement, the Company has not utilized the General Mandate.

RANKING OF PLACING SHARES

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and the issue of the Placing Shares including the right to any dividends or distributions.

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 Placing Shares are placed):

	Shareholding before the Placing		Shareholding after the Placing	
	Shares	% of shareholding	Shares	% of shareholding
Shareholders				
Chuang Eugene Yue-chien (<i>Note 1</i>)	656,758,141	12.48%	656,758,141	11.04%
Other public Shareholders	4,606,736,847	87.52%	4,606,736,847	77.46%
The Placees (<i>Note 2</i>)	—	—	684,000,000	11.50%
Total	<u>5,263,494,988</u>	<u>100%</u>	<u>5,947,494,988</u>	<u>100%</u>

Note 1: Mr. Chuang Eugene Yue-chien is the elder brother of the chairman of the Company, Mr. Chuang Yueheng, Henry.

Note 2: Each of the Placees and their respective ultimate beneficial owners will be an Independent Third Party and public Shareholders.

As at the date of this announcement, the Company has no derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has entered into the placing agreement with a placing agent on 5 December 2006 in relation to the placing of the Convertible Notes up to principal amount of HK\$150,000,000 on a best effort basis. Such placing was completed on 16 February 2007 with the net proceeds approximately HK\$146 million which have not yet utilized as at the date of this announcement and intended to apply for general working capital purposes, possible investments in the PRC in the natural resources sectors and other sectors. As at the date of this announcement, the Convertible Notes have been fully converted.

Save as mentioned above, the Company has not raised any funds in the past 12 months.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Reference is made to the announcements of the Company dated 17 January 2006 and 22 March 2006, and circulars of the Company dated 7 February 2006 and 12 April 2006, in relation to the Company's diversification into coke and gas chemical business. Meanwhile, the Company is studying various projects including but not limited to the oil recovery project as announced by the Company dated 8 February 2007, the environmental projects that related to oil field and forestry project, etc. The Company will intend to establish various individual subsidiaries to engage into those projects if and when those projects crystallize.

The Company intends that the net proceeds of Placing pursuant to the Placing Agreement (which would amount to approximately HK\$80 million) to be used by the Company for general working capital purposes and/or possible investments as abovementioned. 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 projects and does not require any investment commitments.

The Company considers that the Placing is a good opportunity for the Company to secure approximately HK\$80 million net proceeds from the Placing. In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to raise further capital to broaden the Shareholders and the capital base of the Group. The Directors consider the terms of the Placing Agreement (including the Placing Price) is fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

ISSUE MANDATE

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 to refresh the 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 EGM. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders'

approval by way of poll at the EGM. Since there is no controlling Shareholder of the Company, and none of the Directors and the chief executive of the Company and their respective associates have interests in Shares of the Company as at the date of this announcement. Thus no one shall abstain from voting in favor thereon.

Based on the 5,947,494,988 Shares in issue as enlarged by the Placing and assuming that no further Shares are repurchased and issued prior to the EGM, subject to the passing of the relevant ordinary resolutions to approve the Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to a limit of 1,189,498,997 Shares under the Issue Mandate. The Directors consider that the Issue Mandate will enhance the flexibility for the Company to manage its business and therefore the Issue Mandate is fair and reasonable and the granting of the Issue Mandate are in the interests of the Company and the Shareholders as a whole.

RERESHMENT OF THE 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. Under the current limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 342,149,498 Shares, representing 10% of the issued share capital of the Company as at the date of annual general meeting of the Company held on 30 May 2006 at which the existing scheme mandate limit was refreshed. Since the approval of the refreshed scheme mandate limit on 30 May 2006 and up to the date of this announcement, the Company has granted and the grantees have exercised in full of the options to subscribe for a total of 342,000,000 Shares under the Share Option Scheme. As at the date of this announcement, there are 149,498 share options not yet granted.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including 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 at the EGM to refresh the scheme mandate limit of the Share Option Scheme at 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.

Based on the 5,947,494,988 Shares in issue as enlarged by the Placing and assuming that no further Shares are repurchased and issued 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 authorized to issue options to subscribe for a total of 594,749,498 Shares, representing 10% of the total number of Shares in issue as enlarged by the Placing as at the date of EGM. The 149,498 share options not previously granted under the Share Option Scheme will not be counted for the purpose of refreshing the scheme mandate limit of the Share Option Scheme.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option and the aggregate number of Shares which may be 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 date of this announcement. Save for the Share Option Scheme, the Company has no other share option schemes as at the date of this announcement.

GENERAL

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

The Company will form an Independent Board Committee comprising the independent non-executive Directors and appoint an independent financial adviser to advise the Independent Board Committee and independent Shareholders on the Issue Mandate pursuant to Rule 13.36(4) of the Listing Rules.

A circular containing, among other things, details regarding (i) Issue Mandate; (ii) refreshment of the scheme mandate limit of the Share Option Scheme; (iii) letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iv) letter of recommendation from the independent financial adviser to the Independent Board Committee and independent Shareholders on the refreshment of the Issue Mandate; and (v) a notice convening the EGM will be dispatched to the Shareholders as soon as possible.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday and Sunday) on which licensed banks are open for business in 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
“Convertible Notes”	zero coupon convertible notes due in the year 2009 in an aggregate principal amount of HK\$150,000,000 issued by the Company on 16 February 2007 with initial conversion price of HK\$0.10 per Share
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Issue Mandate and new scheme mandate limit of the Share Option Scheme
“General Mandate”	the general mandate granted by Shareholders of the Company at its annual general meeting held on 30 May, 2006 to issue or deal with up to 684,298,997 new Shares
“Group”	the Company, its subsidiaries and its associated companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the independent non-executive Directors of the Company to advise the independent Shareholders in respect of the Issue Mandate
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, which there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	a party and their respective ultimate beneficial owners who to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of EGM
“Last Dealing Date”	26 February 2007, being the last trading day for the Shares prior to the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Places”	the places procured by the Placing Agent under the Placing, all of which will be Independent Third Parties

“Placing”	the placement of 684,000,000 new Shares by the Placing Agent to the Placees at the Placing Price under the Placing Agreement
“Placing Agent”	Get Nice Investment Limited, a licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securitise and corporate finance and asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 26 February 2007
“Placing Price”	the placing price of HK\$0.12 per Placing Share under the Placing
“Placing Share(s)”	684,000,000 new Shares to be placed under the Placing
“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 capital of the Company
“Share Option Scheme”	The share option scheme adopted and approved by the Company on 20 November 2002
“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, 26 February 2007

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. 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.