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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

AND

NEW SHARES

AND

INCREASE IN AUTHORISED SHARE CAPITAL

On 19th June, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed amongst other things to procure, on a best efforts basis, places to subscribe in cash for (i) Convertible Notes up to the principal amount of HK\$600,000,000 and (ii) up to 600,000,000 Placing Shares. The Company has agreed that the Placing Agent may, at any time during the Placing Period, require the Convertible Notes to be issued in up to six separate Tranches with (i) the principal amount of the Convertible Notes comprised in each Tranche to be not less than HK\$100,000,000 and the maximum aggregate principal amount of the Convertible Notes for all Tranches not to exceed HK\$600,000,000; (ii) the number of Placing Shares in each Tranche to be not less than 100,000,000 Placing Shares and the maximum number of Placing Shares for all Tranche not to exceed 600,000,000 Placing Shares and (iii) the gross proceeds raised by the placing of the Placing Shares and the Convertible Notes to be the same for that Tranche. Assuming all the Convertible Notes and Placing Shares are successfully placed by the Placing Agent, upon full conversion of the HK\$600,000,000 principal amount of the Convertible Notes at the Initial Conversion Price, a total of 600,000,000 Conversion Shares and 600,000,000 Placing Shares will be issued, together representing approximately 307.7% of the existing issued share capital of the Company of 389,960,981 Shares and approximately 75.5% of the Company's issued share capital as enlarged by the issue of the Placing Shares and the Conversion Shares at the Initial Conversion Price.

On the assumption that all Convertible Notes and Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$1,200 million and the net proceeds from the Placing will be approximately HK\$1,168.7 million.

The Company also proposes the Increase in Authorised Share Capital.

A circular with details of the Placing and the notice of the EGM to consider and if thought fit to approve the Placing Agreement, the Special Mandate and the Increase in Authorised Share Capital will be sent to shareholders of the Company as soon as practicable.

THE PLACING

The Placing Agreement contains the terms set out below:-

Issuer: The Company

Placing Agent: Chung Nam Securities Limited. Chung Nam Securities Limited is indirectly owned by Mr. Chuang Eugene Yue-chien as to approximately 80%. Mr. Chuang Eugene Yue-chien is the brother of Mr. Chuang Yueheng, Henry, a director of the Company. On 25th November, 2008, a conditional sale and purchase agreement was entered into between Freeman Financial Services Limited, Mr. Chuang Eugene Yue-chien and Equity Spin Investments Limited for the disposal by Equity Spin Investments Limited of approximately 80% of the existing issued share capital of Hennabun Capital Group Limited which owns Chung Nam Securities Limited. Upon completion of such transaction, Mr. Chuang Eugene Yue-chien will no longer hold any interest in Chung Nam Securities Limited. To the best of the director's knowledge, information and belief having made all reasonable enquiry, save as disclosed, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

**The Placing
Agreement:**

On 19th June, 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent will on a best efforts basis procure places to subscribe in cash for the Convertible Notes up to an aggregate principal amount of HK\$600,000,000 and up to 600,000,000 Placing Shares during the Placing Period.

The Company has agreed that the Placing Agent may, at any time during the Placing Period, require the Company to issue the Convertible Notes and Placing Shares in up to six separate tranches in the following manner:-

- (i) the principal amount of the Convertible Notes comprised in each Tranche shall be not less than HK\$100,000,000 save for the last Tranche of the Placing and the maximum aggregate principal amount of the Convertible Notes for all Tranches shall not exceed HK\$600,000,000;
- (ii) the number of Placing Shares in each Tranche to be not less than 100,000,000 Placing Shares save for the last Tranche of the Placing and the maximum number of Placing Shares for all Tranches shall not exceed 600,000,000 Placing Shares; and
- (iii) the gross proceeds raised by the placing of the Placing Shares and the Convertible Notes must be the same for that Tranche.

Condition Precedent:

Subject to the fulfillment of the Placing Conditions Precedent, the Placing is conditional upon the passing of a resolution at the EGM by Shareholders to approve the Placing Agreement, the Special Mandate and the Increase in Authorised Share Capital in accordance with the Listing Rules.

If the Condition Precedent is not fulfilled on or before 30th September, 2009 (or such later date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall thereupon lapse and become null and void and the parties will automatically be released from all obligations hereunder, save for any liability arising out of any antecedent breaches.

**Placing Conditions
Precedent:**

In addition to the fulfillment of the Condition Precedent, completion of the Placing of each Tranche of the Convertible Notes and Placing Shares shall be conditional upon (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon the exercise of conversion rights under such Tranche of the Convertible Notes and the Placing Shares and (ii) the public float requirements under Rule 8.08 of the Listing Rules being maintained immediately after Completion of such Tranche of the Placing.

If the Placing Conditions Precedent for any Tranche of the Convertible Notes and Placing Shares set out above are not fulfilled within 14 days from the date of notification by the Placing Agent that the Placing Agent has procured subscribers for such Tranche of Convertible Notes and Placing Shares or such other date as the parties may agree in writing, then the obligations of the parties in respect of the Placing of such Tranche of the Convertible Notes and Placing Shares will lapse. Each notification of the Placing Agent, once given, is irrevocable, unless agreed to by both parties in writing.

Placing Agent:

The Placing Agent will receive a placement commission of 2.5% of the aggregate principal amount of the Convertible Notes and 2.5% of the number of Placing Shares multiplied by the Placing Price for which it has procured subscribers.

Placees: The Placing Agent shall offer the Convertible Notes and Placing Shares to placees who are and whose ultimate beneficial owners are third parties independent of and not acting in concert (as such term is defined in the Hong Kong Codes on Takeovers and Mergers) with the Company and Connected Persons of the Company. The Placing Agent has agreed to place each Tranche of Convertible Notes and Placing Shares to a total of not less than six placees.

Completion: Completion for each tranche of Convertible Notes and Placing Shares is to take place on the second Business Day after the date of fulfillment of Placing Conditions Precedent of such Tranche of Convertible Notes and Placing Shares (or such other date as the parties may agree in writing).

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The following describes certain of the principal terms of the Convertible Notes:-

Aggregate principal amount of the Convertible Note: up to HK\$600,000,000

Authorised denomination for issue, transfer, conversion and redemption: HK\$10,000,000

Maturity Date: 31st December, 2012.

Conversion Period: The holder of the Convertible Notes can convert the outstanding principal amount of the Convertible Notes in whole or in part into Shares at any time from the relevant date of issue until a date falling seven days prior to (and excluding) the maturity date.

Conversion Price:	HK\$1.00 per Conversion Share, subject to adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue and issues of other securities.
Interest Rate:	Non interest bearing.
Transferability:	The Convertible Notes are transferrable without the consent of the Company.
Voting:	Holder of Convertible Note will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of them being holders of Convertible Notes.
Listing:	<p>No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.</p> <p>Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes.</p>
Ranking:	The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all other Shares outstanding on the date the name of the noteholder is entered on the register of the members of the Company as a holder of the Conversion Shares.
Conversion restriction:	The conversion rights attaching to the Convertible Note cannot be exercised (and accordingly the Company will not issue Conversion Shares) if and to the extent that the total number of Conversion Shares with voting rights held by that holder of the Convertible Notes and parties acting in concert with it within the meaning of the Takeovers Code immediately after the issue of the Conversion Shares would be more than 29.9% of the enlarged issued share capital of the Company or such other amount equal to 0.1% below the amount as may be specified in the Takeovers Code as being the level for triggering a mandatory general offer.

Redemption and Repurchase:

The Company may at any time elect to redeem the whole or in part at 100% of the principal amount of the Convertible Note. The Company may also elect to repurchase in whole or in part at a price agreed between the Company and the holder of the Convertible Note.

Assuming all the Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the HK\$600,000,000 principal amount of the Convertible Notes at the Initial Conversion Price, a total of 600,000,000 Conversion Shares (with an aggregate nominal value of HK\$60,000,000) will be issued, representing approximately 153.9% of the existing issued share capital of the Company of 389,960,981 Shares and approximately 60.6% of the Company's issued share capital as enlarged by the issue of the Conversion Shares only at the Initial Conversion Price.

THE PLACING SHARES

Number of Placing Shares:

600,000,000 Placing Shares (with an aggregate nominal value of HK\$60,000,000) represent approximately 153.9 % of the Company's existing issued share capital and approximately 60.6% of its issued share capital as enlarged by the issue of the Placing Shares only.

Ranking of Placing Shares:

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price:

HK\$1.00 per Placing Share.

The net placing price under the Placing is approximately HK\$0.97 per Placing Share.

PLACING PRICE AND CONVERSION PRICE

The initial Conversion Price, being of HK\$1.00 per Conversion Share and the Placing Price of HK\$1.00 was arrived at after arm's length negotiation between the Company and the Placing Agent and represents:-

- (i) a discount of approximately 15.25% to the closing price of HK\$1.18 per Share quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 17.63 % to the average closing price of HK\$1.214 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the date of the Placing Agreement.

The Initial Conversion Price and the Placing price were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agent.

Assuming all the Convertible Notes and Placing Shares are successfully placed by the Placing Agent, upon full conversion of the HK\$600,000,000 principal amount of the Convertible Notes at the Initial Conversion Price, 600,000,000 Conversion Shares and 600,000,000 Placing Shares will be issued, together representing approximately 307.7% of the existing issued share capital of the Company of 389,960,981 Shares and approximately 75.5% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price and the Placing Shares.

SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is illustrated as follows:

	As at the date of the announcement		Upon completion of the Placing (assuming no conversion of the Heritage Note at the initial conversion price of HK\$1.39 and no conversion of the Convertible Notes at the Initial Conversion Price)		Upon completion of the Placing (assuming no conversion of the Heritage Note at the initial conversion price of HK\$1.39 and full conversion of the Convertible Notes at the Initial Conversion Price)		Upon completion of the Placing (assuming full conversion of the Heritage Note at the initial conversion price of HK\$1.39 and no conversion of the Convertible Notes at the Initial Conversion Price)		Upon completion of the Placing (assuming full conversion of the Heritage Note at the initial conversion price of HK\$1.39 and full conversion of the Convertible Notes at the Initial Conversion Price)	
	approximate		approximate		approximate		approximate		approximate	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Chuang Yueheng, Henry (Note 1)	23,353,440	5.99%	23,353,440	2.36%	23,353,440	1.47%	23,353,440	2.09%	23,353,440	1.36%
Heritage International Holdings Limited & its associates (Note 2)	—	—	—	—	—	—	167,498,402	14.96%	—	—
Public Shareholders										
Mascotte Holdings Limited	29,980,000	7.69%	29,980,000	3.03%	29,980,000	1.89%	29,980,000	2.68%	29,980,000	1.74%
Heritage International Holdings Limited & its associates (Note 2)	38,002,000	9.75%	38,002,000	3.84%	38,002,000	2.39%	—	—	167,498,402	9.74%
Placees (Placing Shares)	—	—	600,000,000	60.61%	600,000,000	37.74%	600,000,000	53.60%	600,000,000	34.89%
Placees (Conversion Shares)	—	—	—	—	600,000,000	37.74%	—	—	600,000,000	34.89%
Other public shareholders	298,625,541	76.57%	298,625,541	30.16%	298,625,541	18.77%	298,625,541	26.67%	298,625,541	17.38%
	<u>389,960,981</u>	<u>100.00%</u>	<u>989,960,981</u>	<u>100.00%</u>	<u>1,589,960,981</u>	<u>100.00%</u>	<u>1,119,457,383</u>	<u>100.00%</u>	<u>1,719,457,383</u>	<u>100.00%</u>

Notes:

1. Mr. Chuang Yueheng, Henry being the chairman and executive director of the Company.
2. Pursuant to the share purchase agreement dated 8th June, 2009 entered into between Welltodo Investments Limited, a wholly owned subsidiary of the Company and Coupeville Limited, a wholly owned subsidiary of Heritage International Holdings Limited, the Company will (subject to, inter alia, shareholders' approval) issue to Coupeville Limited (or its nominees) the convertible notes due 2012 with the aggregate principal amount of HK\$180 million at the initial conversion price of HK\$1.39 ("Heritage Note").
3. This table assumes all Placees are members of the public.

REASONS FOR THE PLACING

The reason for the Placing is to strengthen the capital base of the Company. On the assumption that all Convertible Notes and Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$1,200 million. The net proceeds from the Placing of up to approximately HK\$1,168.7 million is to be used for general working capital of the Group and potential investment opportunities in commodities sector.

In order to secure sufficient proceeds available to fund the potential investment opportunities if and when they arise, the Company considers that this is a good opportunity for the Company to raise funds from the Placing. Notwithstanding that completion of the Placing will result in a considerable dilution of the shareholding of the existing Shareholders, on the basis that the Placing provides an opportunity for the Company to strengthen its capital base, to be equipped with readily available funds to enable it to grasp the potential investment opportunities, the Directors of the Company consider the terms of the Placing to be fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
19 June 2008	Rights issue of 1,749,721,295 rights shares at the subscription price of HK\$0.15	HK\$253 million	HK\$ 48 million - acquisition of properties HK\$205 million - general working capital and/ or other investments in the future	Used as intended

INCREASE IN AUTHORISED SHARE CAPITAL

The Company also proposes an increase in authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of 9,000,000,000 Shares of HK\$0.10 each.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the business of property investment, investment in securities trading, money lending and investment holding.

GENERAL

A circular with details of the Placing, the notice of the EGM to be convened to approve the Placing Agreement, the Special Mandate and the Increase in Authorised Share Capital will be sent to shareholders of the Company as soon as practicable.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:-

“associates”	has the meaning ascribed thereto under the Listing Rules
“Business Days”	a day on which banks are open for business in Hong Kong (excluding Saturday)
“Company”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“Completion”	a date falling two business day after the date of satisfaction of the Placing Conditions Precedent for each Tranche
“Condition Precedent”	the condition precedent referred to in the section headed “Condition Precedent” in this Announcement
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules

“Conversion Shares”	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	a series of convertible notes of up to an aggregate principal amount of HK\$600,000,000 proposed to be issued by the Company
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, inter alia, the Placing Agreement, the Special Mandate and the Increase in Authorised Share Capital
“Group”	the Company and its subsidiaries
“Heritage Note”	has the meaning ascribed thereto in Note 2 of the section headed “Shareholding Structure”
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of 9,000,000,000 Shares of HK\$0.10 each
“Initial Conversion Price”	the initial conversion price of HK\$1.00 per Conversion Share (subject to adjustments)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Convertible Notes up to an aggregate principal amount of HK\$600,000,000 and up to 600,000,000 Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed under the Securities and Futures Ordinance to carry out Type 1 regulated activities
“Placing Agreement”	the placing agreement dated 19th June, 2009 between the Company and the Placing Agent to place the Convertible Notes and Placing Shares

“Placing Conditions Precedent”	the conditions precedent referred to in the section headed “Placing Conditions Precedent” in this Announcement
“Placing Period”	a period commencing from the date of satisfaction of the Conditions Precedent and expiring on 31st December, 2009
“Placing Price”	HK\$1.00 per Placing Share
“Placing Shares”	up to 600,000,000 new Shares to be placed by the Company under the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares of the Company
“Special Mandate”	the mandate to be sought at the EGM to approve the issue of the Convertible Notes, the Conversion Shares upon exercise of conversion rights thereunder and the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tranches”	each tranche of Convertible Notes and Placing Shares to be placed under the Placing Agreement as described in the section headed “The Placing Agreement” of this announcement

By order of the board of directors of
WILLIE INTERNATIONAL HOLDINGS LIMITED
Chuang Yueheng, Henry
Chairman

Hong Kong, 19th June, 2009

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin and four independent non-executive Directors, namely, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.