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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 NEW SHARES**

**THE PLACING**

On 27 March 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, 1,189,000,000 Placing Shares at the price of HK\$0.11 per Placing Share to no less than six Placers who are Independent Third Parties procured by the Placing Agent. The 1,189,000,000 Placing Shares under the Placing Agreement are to be issued by the Company under the Issue Mandate.

The 1,189,000,000 Placing Shares represent (i) approximately 19.99% of the Company's existing issued share capital; and (ii) approximately 16.66% 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.**

**PLACING AGREEMENT DATED 27 MARCH 2007**

Pursuant to the Placing Agreement, the Placing Agent agreed to place on fully underwritten basis, 1,189,000,000 Placing Shares at a price of HK\$0.11 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\$0.11 per Placing Share and the 1,189,000,000 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 1,189,000,000 Placing Shares representing (i) approximately 19.99% of the Company's existing issued share capital; and (ii) approximately 16.66% 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\$0.11 per Placing Share. The Placing Price represents:

- (i) a discount of approximately 14.73% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the Last Dealing Date; and
- (ii) a discount of approximately 18.03% to the average closing price of HK\$0.1342 per Share as quoted on the Stock Exchange from 21 March 2007 to 27 March 2007, both days inclusive, being the five trading days before and including the Last Dealing Date.

The net placing price is HK\$0.10725 per Placing Share. The market price of the Shares concerned on 27 March 2007, which the terms of the Placing were fixed, was HK\$0.129.

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 12 April 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 1,189,000,000 Placing Shares under the Placing Agreement are to be issued by the Company under the Issue Mandate, which as at the date of this announcement, allows the Company to issue or deal with up to maximum of 1,189,498,997 new Shares. As at the date of this announcement, the Company has not utilized the Issue 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, all the Placing Shares are placed and all Convertible Notes are fully converted):

Shareholders	Existing shareholdings		Assuming completion of the Placing		Assuming completion of the Placing and full conversion of the Convertible Notes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chuang Eugene Yue-chien ( <i>Note 1</i> )	790,554,141	13.29	790,554,141	11.08	790,554,141	8.65
Public Shareholders:						
The Placees	—	—	1,189,000,000	16.66	1,189,000,000	13.01
Other public Shareholders	<u>5,156,940,847</u>	<u>86.71</u>	<u>5,156,940,847</u>	<u>72.26</u>	<u>7,156,940,847</u>	<u>78.34</u>
Total	<u>5,947,494,988</u>	<u>100</u>	<u>7,136,494,988</u>	<u>100</u>	<u>9,136,494,988</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.*

Save as the announcement of the Company dated 12 March 2007 and the circular of the Company dated 21 March 2007 in relation to the Convertible Notes, 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

<b>Date of announcement</b>	<b>Transaction</b>	<b>Net proceeds raised (approximately)</b>	<b>Completed</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
5 December 2006	Placing of convertible notes with principal amount of up to HK\$150 million	HK\$146 million	Yes (the convertible notes were fully converted on 21 and 22 February 2007)	To be used for general working capital purposes, possible investments in the PRC in the natural resources sectors and other sectors	HK\$111 million - general working capital HK\$35 million - not yet utilized as at the date of this announcement
26 February 2007	Placing of 684,000,000 new Shares under the placing agreement dated 26 February 2007	HK\$80 million	Yes	To be used for general working capital and/or possible investment in the future	As at the date of this announcement, the whole amount has not been utilized
12 March 2007	Placing of Convertible Notes with principal amount of HK\$200 million	HK\$195 million	No*	To be used for general working capital and/or other possible investments in the future	Not applicable

\* *The completion of Convertible Notes is subject to, among other things, the Listing Committee having granted approval for the listing of and permission to deal in the conversion shares and the passing by Shareholders in the extraordinary general meeting on 10 April 2007 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.*

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

## REASONS FOR THE PLACING AND USE OF PROCEEDS

In 2006, the Company started an investment in coke and gas chemical business in the Yunnan Province of the PRC which also embarked the Company's intention to diversify its business into energy and natural resources. Throughout the year, the Company has reviewed certain projects including, but not limited to the oil recovery projects as announced by the Company dated 8 February 2007, environmental projects that are related to oil fields and forestry project in Simao (思茅) City, Yunnan Province, the PRC as announced by the Company dated 22 March 2007. The Board believes that there are great potentials in energy and natural resources business and that they could provide long-term stable income to the Group after the consolidation and modification of the shareholding and management of such business. However, the Board realizes that any one of the above mentioned projects would require heavy capital investment in order to obtain a reasonable stake of interest and additional capital for the further development of such projects.

Reference is made to the Company's announcement dated 12 March 2007, in order to clearly identify the Group's focus into energy and natural resources business, and position the Company's financial and bargaining strength when negotiating projects with potential partners or to facilities the Company in making investments whenever opportunities arises, the Company has incorporated a wholly owned subsidiary in the Cayman Islands with the name **"Willie Resources Incorporated"** (威利資源企業公司) as the holding company for the development of the energy and natural resources business. The Company will complete the transfer of its investment in coke and gas chemical business in the Yunnan Province to **"Willie Resources Incorporated"** (威利資源企業公司) on or before 28 March 2007. Moreover, the Board prepares to inject HK\$100 million cash as equity and HK\$100 million cash as shareholder's loan into **"Willie Resources Incorporated"** (威利資源企業公司) to ensure adequate working capital for the investment in energy and natural resources business whenever opportunities arises. Hence, the Company will fully utilize HK\$115 million proceeds from fund raising in December 2006 and February 2007 together with HK\$85 million proceeds from the Placing as capital injection into **"Willie Resources Incorporated"** (威利資源企業公司). As at the date of this announcement, the Company does not have any concrete investment commitments and will make appropriate announcements pursuant to the Listing Rule requirements as when investments become crystallize. The balance of proceeds from the Placing in the amount of HK\$42 million will be applied for general working capital.

In addition, reference is made to the announcement and circular of the Company dated 12 March 2007 and 21 March 2007 respectively in relation to the placing of the Convertible Notes in the amount of HK\$200 million that was fully underwritten by the placing agent. The Board considers that the proceeds of Convertible Notes will further enhance the cash and financial position of the Group, and the proceeds will be reserved for general working capital and/or possible investment in the future.

The Company considers that the Placing in underwritten basis is a good opportunity for the Company to secure approximately HK\$127 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.

## **GENERAL**

The Group is principally engaged in the business of real estate holdings, investment in securities trading, investing in energy related businesses and acquiring, exploring and developing natural resources.

## **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\$200,000,000 with initial conversion price of HK\$0.10 per Share proposed to be issued by the Company pursuant to the placing agreement date 12 March 2007 (details were set out in the announcement of the Company dated 12 March 2007 and the circular of the Company dated 21 March 2007)
“Director(s)”	the director(s) of the Company
“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 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 issue mandate granted by the Shareholders of the Company at its extraordinary general meeting held on 26 March 2007 to issue or deal with up to 1,189,498,997 new Shares
“Last Dealing Date”	27 March 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
“Placees”	the placees procured by the Placing Agent under the Placing, all of which will be Independent Third Parties
“Placing”	the placement of 1,189,000,000 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 securities 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 27 March 2007
“Placing Price”	the placing price of HK\$0.11 per Placing Share under the Placing
“Placing Share(s)”	1,189,000,000 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
“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, 27 March 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 five independent non-executive Directors, namely, Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*