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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)

**TERMINATION OF THE PLACING OF CONVERTIBLE NOTES AND
NEW SHARES
PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
GRANT OF THE ISSUE MANDATE
AND
REFRESHMENT OF THE SCHEME MANDATE LIMIT**

**TERMINATION OF THE PLACING OF CONVERTIBLE NOTES AND
NEW SHARES**

Reference is made to the announcement of the Company dated 19 June 2009 and the circular of the Company dated 30 July 2009 in relation to, among other things, the proposed Placing of Convertible Notes and New Shares by the Placing Agent. Due to the unfavourable market conditions, the Company and the Placing Agent have agreed on 28 December 2009 to enter into the Termination Agreement to terminate the June Placing Agreement.

PLACING OF NEW SHARES

To replace the June Placing Agreement, on 28 December 2009 after trading hours, the Company and the Placing Agent entered into the New Placing Agreement as the replacement, pursuant to which the Placing Agent has conditionally agreed to place, on a fully underwritten basis, 200,000,000 new Shares to the Placees at a price of HK\$0.45 per Placing Share.

The Placing Shares represent approximately 33.48% of the existing issued share capital of the Company as at the date of this announcement and approximately 25.08% of the issued share capital of the Company as enlarged by the Placing of New Shares. The Placing Shares will be issued under the Specific Mandate to be sought at the EGM. An application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing of New Shares will be HK\$90 million and the net proceeds from the Placing of New Shares of approximately HK\$87.25 million will be used as general working capital of the Group and for the Group's business expansion.

GENERAL

The Company also intends to put forward the proposals for the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit for approval by the Shareholders at the EGM.

The EGM will be convened and held for the purpose of considering, and, if thought fit, approving, inter alia, the Placing of New Shares (including the grant of the Specific Mandate), the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit.

A circular containing, among other things, further details of the Placing of New Shares, the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit; together with the notice of the EGM, will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

As completion of the Placing of New Shares is subject to the satisfaction of a number of conditions, the Placing of New Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TERMINATION OF THE PLACING OF CONVERTIBLE NOTES AND NEW SHARES

Reference is made to the announcement of the Company dated 19 June 2009 and the circular of the Company dated 30 July 2009 in relation to, among other things, the proposed Placing of Convertible Notes and New Shares by the Placing Agent. The Placing Agent informed the Company that as the Shares have been trading at below HK\$1.00 since 2 November 2009, it is impractical for the Placing Agent to procure places for the Placing of Convertible Notes and New Shares at the initial conversion price and placing price of HK\$1.00. Due to the unfavourable market conditions, the Company and the Placing Agent subsequently have agreed on 28 December 2009 to enter into the Termination Agreement to terminate the June Placing Agreement.

Pursuant to the Termination Agreement, both the Company and the Placing Agent agreed that the June Placing Agreement be terminated and no party shall have any further rights or claims against, or obligations to the other party and discharges the other party from all duties, obligations, claims and liabilities arising out of or in respect of the June Placing Agreement.

The termination of the June Placing Agreement is not expected to have any material impact on the financial position of the Group but without the additional financial resources which could have been raised by the Placing of Convertible Notes and New Shares, the potential business expansion of the Group may be limited.

PLACING OF NEW SHARES

The New Placing Agreement

To replace the June Placing Agreement, on 28 December 2009 after trading hours, the Company and the Placing Agent entered into the New Placing Agreement as the replacement, pursuant to which the Placing Agent has conditionally agreed to place, on a fully underwritten basis, 200,000,000 new Shares to the Placees at a price of HK\$0.45 per Placing Share.

Parties

Issuer: the Company

Placing Agent: Chung Nam Securities Limited

To the best of the director's knowledge, the Placing Agent is third party independent of the Company and Connected Persons of the Company.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees, who are expected to be institutional, professional or private investors, and who and (where a corporation) whose ultimate beneficial owner(s) will not be Connected Persons of the Company and will be independent from and not connected with the Company and/or its Connected Persons. It is expected that none of the Placees will become a controlling or substantial shareholder (as defined in the Listing Rules) immediately after completion of the Placing of New Shares.

Placing Shares

Pursuant to the New Placing Agreement, the Placing Agent agreed to procure, the Placees to subscribe for or failing which itself as principal to subscribe for 200,000,000 Placing Shares at the Placing Price. The 200,000,000 Placing Shares represent approximately (i) 33.48% of the existing issued share capital of the Company as at the date of this announcement; (ii) 25.08% of the issued share capital of the Company as enlarged by the Placing of New Shares.

Ranking of Placing Shares

The Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.45 represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 28 December 2009, being the date of the New Placing Agreement;
- (ii) a discount of approximately 14.77% to the average closing price of HK\$0.528 per Share in the last five consecutive trading days up to and including the date of the New Placing Agreement; and
- (iii) a discount of approximately 19.21% to the average closing price of HK\$0.557 per Share in the last ten consecutive trading days up to and including the date of the New Placing Agreement.

The net placing price for the Placing is approximately HK\$0.4363 per Placing Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent with reference to the prevailing trading price of the Shares. Having considered the current market conditions and taking into consideration that completion of the Placing will not take place until at least one month from the date of the New Placing Agreement to allow for approval by Shareholders at the EGM, the Directors consider that the Placing Price is fair and reasonable.

Placing commission

The Placing Agent will receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares. The Placing commission was determined after arm's length negotiations between the Company and the Placing Agent by reference to the prevailing market practice and market condition.

Conditions precedent to the New Placing Agreement

Completion of the Placing of New Shares is conditional upon fulfillment of the following conditions:

- (i) the approval of the New Placing Agreement and the transactions contemplated thereunder (including the issue of the Placing Shares) by Shareholders at the EGM in accordance with the Listing Rules; and
- (ii) the Stock Exchange granting listing of and permission to deal in the Placing Shares.

If the conditions are not fulfilled on or prior to 31 March, 2010 (or such other date as may be agreed between the Company and the Placing Agent), the New Placing Agreement shall terminate and neither of the parties shall have any claim against the other for any costs or losses (save for any prior breaches of the New Placing Agreement).

Termination and force majeure

If, at any time prior to 9:00 a.m. on the date of completion of the New Placing Agreement, in the sole and absolute opinion of the Placing Agent the success of the Placing of New Shares or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the New Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the New Placing

Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not ejusdem generis with any of the foregoing, resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, political, economic or stock market conditions; or

- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the New Placing Agreement without liability to the Company by giving notice in writing to the Company prior to 9:00 a.m. on the date of completion of the New Placing Agreement.

Specific Mandate

The Placing Shares will be issued under the Specific Mandate to be sought at the EGM. An application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place on the third business day upon fulfillment of the conditions of the Placing of New Shares (or such other date as may be agreed between the Company and the Placing Agent).

As completion of the Placing of New Shares is subject to the satisfaction of a number of conditions, the Placing of New Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing of New Shares are illustrated as below:-

Shareholders	As at the date of this announcement		Immediately after completion of the Placing of New Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Dr. Chuang Yueheng, Henry (<i>Note 1</i>)	23,353,440	3.91%	23,353,440	2.93%
Heritage International Holdings Limited (<i>Note 2</i>)	130,598,402	21.86%	130,598,402	16.38%
Placees	—	0.00%	200,000,000	25.08%
Public	<u>443,495,541</u>	<u>74.23%</u>	<u>443,495,541</u>	<u>55.61%</u>
Total	<u>597,447,383</u>	<u>100.00%</u>	<u>797,447,383</u>	<u>100.00%</u>

Notes:

1. Dr. Chuang Yueheng, Henry is the chairman and executive Director of the Company.
2. The interests held by Dollar Group Limited which is a wholly-owned subsidiary of Heritage International Holdings Limited (Stock code: 412), a company listed on the main board of the Stock Exchange.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
8 July 2009	Placing of 77,990,000 new Shares at the placing price of HK\$1.00 each	HK\$75.97 million	General working capital and/ or potential investment opportunities in energy related sectors	Used as intended

REASONS FOR THE PLACING OF NEW SHARES

The Group is principally engaged in the business of property investment, investment in securities trading, money lending and investment holding.

The gross proceeds from the Placing of New Shares will be HK\$90 million and the net proceeds from the Placing of New Shares (after deducting the placing commission for the Placing of New Shares and other expenses) of approximately HK\$87.25 million will be used as general working capital of the Group and for the Group's business expansion.

The Directors consider that the Placing of New Shares represents a good opportunity to raise capital for the Group's working capital and business expansion given that the June Placing Agreement was terminated. The Directors are of the view that the Placing of New Shares will strengthen the Group's financial position and the Company can take this opportunity to broaden its capital base and shareholder base. The Directors have considered different types of fund raising arrangement such as rights issue and open offer and the Directors consider that the Placing of New Shares is the most efficient way to proceed having considered the cost and time involved for the Company.

On the basis of the above, the Directors are of the view that the Placing of New Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GRANT OF THE ISSUE MANDATE AND REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company intends to put forward the proposals for the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit for approval by Shareholders at the EGM.

GENERAL

The EGM will be convened and held for the purpose of considering, and, if thought fit, approving, inter alia, the Placing of New Shares (including the grant of the Specific Mandate), the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit.

The Placing of New Shares is subject to Shareholders' approval. To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the New Placing Agreement. Accordingly, no Shareholder will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing of New Shares.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Issue Mandate will be subject to the Independent Shareholders' approval at the EGM. As at the date hereof, Dr. Chuang Yueheng, Henry holds 23,353,440 Shares in the Company. Since there is no controlling Shareholder of the Company, the executive Directors (including Dr. Chuang Yueheng, Henry) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting at the EGM in respect of the resolution relating to the grant of the Issue Mandate.

No Shareholder will be required to abstain from voting at the EGM in respect of the resolution relating to the refreshment of the Scheme Mandate Limit.

A circular containing, among other things, further details of the Placing of New Shares, the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit; together with the notice of the EGM, will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requires:

“associate(s) ”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Company”	Willie International Holdings Limited (Stock code: 273), a company incorporated in Hong Kong with limited liability and the shares of which are listed on main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, inter alia, the New Placing Agreement, the transactions contemplated thereunder (including the grant of the Specific Mandate), the grant of the Issue Mandate and refreshment of the Scheme Mandate Limit
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, executive Directors and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM

“June Placing Agreement”	the placing agreement entered into on 19 June 2009 between the Company and the Placing Agent in relation to the placing on best effort basis by the Placing Agent of convertibles notes up to an aggregate principal amount of HK\$600 million and up to 600,000,000 placing shares to be issued by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 28 December 2009 in respect of the Placing of New Shares
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the New Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“Placing of New Shares”	the placing of 200,000,000 new Shares at the Placing Price pursuant to the New Placing Agreement
“Placing of Convertible Notes and New Shares”	the placing on best effort basis by the Placing Agent of convertibles notes up to an aggregate principal amount of HK\$600 million and up to 600,000,000 placing shares to be issued by the Company pursuant to the June Placing Agreement
“Placing Price”	HK\$0.45 per Share
“Placing Shares”	200,000,000 new Shares to be placed under the Placing of New Shares
“Scheme Mandate Limit”	the Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 20 November 2002
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Placing Shares pursuant to the New Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	a termination agreement entered into on 28 December 2009 between the Company and the Placing Agent in relation to the termination of the June Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Willie International Holdings Limited
King Phillip
Managing Director

Hong Kong, 28 December 2009

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