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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)

**POSSIBLE ACQUISITION OF A HOLDING COMPANY FOR
THE EXPLORATION AND PRODUCTION RIGHTS IN
NORTH KARAZHANBAS OIL FIELD**

This is a voluntary announcement made by the Company.

The Board is pleased to inform the public the latest development of the involvement in the potential investments in energy related sectors. In August 2009, Prof. Chilingar, Prof. Khilyuk and Dr. Chuang carried out a site visit in the NK Oil Field as the Company started the preliminary discussion for the acquisition of Phystech, an investment holding company which was granted the exploration and production rights for the NK Oil Field. The Professors have prepared a report to the Company for the evaluation of the petroleum reserves in the NK Oil Field. The heads of agreement was entered into and dated on 24 September 2009 between a wholly owned subsidiary of the Company as purchaser and the vendor for the Acquisition. The Purchaser has just started a full-scale due diligence review on the NK Oil Field and Phystech. After the preliminary study by the Professors and Dr. Chuang on the NK Oil Field and its operation, based on the current status of the NK Oil Field and Phystech, it is with certain that the NK Oil Field has a substantial oil reserves for exploration and has a good chance to increase its daily output as well as profitability but the Company still has some concerns.

The Company may or may not proceed with the Acquisition. Investors in and holders of the shares of the Company should be aware that the Company may or may not identify suitable investments in the energy related sectors in the near future and should therefore exercise caution when dealing in the shares of the Company.

This is a voluntary announcement made by Willie International Holdings Limited (the “Company”).

Reference is made to the announcement dated 3 July 2009 issued by the Company in relation to the engagement of consultants specialized in energy related sectors. The board of directors of the Company (the “Board”) is pleased to inform the public the latest development of the involvement in the potential investments in energy related sectors.

Professor George V. Chilingar (“Prof. Chilingar”) and Professor Leonid F. Khilyuk (“Prof. Khilyuk”), the experts engaged by the Company to explore and identify investment opportunities in the energy related sectors for the Company have worked with Dr. Chuang Yueheng, Henry (“Dr. Chuang”), the Chairman of the Company in the evaluation of the North Karazhanbas Oil Field (the “NK Oil Field”) located on the Buzachi Peninsula in the Mangistau Oblast of the Republic of Kazakhstan. In August 2009, Prof. Chilingar, Prof. Khilyuk and Dr. Chuang carried out a site visit in the NK Oil Field as the Company started the preliminary discussion for the acquisition (the “Acquisition”) of the entire issued share capital of Phystech LLP (“Phystech”), an investment holding company which was granted the exploration and production rights for the NK Oil Field.

Information of the NK Oil Field

The geologic structure of the NK Oil Field is a part of the North Ustyurt sedimentary basin (a rich hydrocarbon province) situated at the southern margin of the Pre-Caspian basin. The NK Oil Field is adjacent to the oil fields occupied by certain international oil companies such as China National Petroleum Corporation and Citic Group, located in the most developed part of the basin, the Buzachi Arch, and is conveniently situated in an area where power, fresh water, communications, and oil and gas export pipelines are either located in the field area or are a short distance from it. Exploration and production rights for the NK Oil Field were granted to Phystech as stated in the Kazakh State License No. 978.

Prof. Chilingar and Prof. Khilyuk (collectively, the “Professors”) have prepared a report to the Company for the evaluation of the petroleum reserves in the NK Oil Field. The last evaluation of the total and recoverable oil reserves in the NK Oil Field was made by the Kazakh State Research Institute KAZNIGRI. The results of the evaluation were considered by the Kazakh State Commission on Mineral Resources and were confirmed in the amounts of 29.115 Mt and 5.406 Mt for the total and recoverable oil reserves respectively. Based on volumetric method, it is estimated that the recoverable reserves at approximately 5.4 Mt. According to the field operation reports, the daily production of oil (within the licensed area) in 2009 varied from 77t to 99t per day. The Professors reported that there is a great upside potential to considerably increase the oil production in the NK Oil Field by (i) horizontal drilling, (ii) acquiring the production rights for the current exploration area, and (iii)

drilling to the deeper Cretaceous or other horizons. The Professors also opined that (i) moving deeper into Cretaceous or other horizons increases the estimated oil reserves (at the present level of exploration) to the amounts of 35.072 Mt and 6.597 Mt for the total and recoverable oil reserves of the NK Oil Field, respectively; and (ii) the current oil production can be also increased by application of the enhance recovery methods.

Heads of Agreement

The heads of agreement (the “HOA”) was entered into and dated on 24 September 2009 between a wholly owned subsidiary of the Company as purchaser (the “Purchaser”) and the vendor for the Acquisition.

Pursuant to the HOA, the refundable deposit in the nature only as earnest money but not otherwise of US\$ 1 million (the “Escrow Amount”) was paid to the escrow agent, a registered law firm in Hong Kong. In the event that a definitive sale and purchase agreement (the “Purchase Agreement”) is signed by the parties, the Escrow Amount will be considered as part of the payment of the total consideration under the Purchase Agreement. Subject to the due diligence by the Purchaser to the Purchaser’s satisfaction, the consideration to be paid under the Purchase Agreement for the Acquisition shall be based on the proven and certified reserves of the NK Oil Field, provided that the exact consideration shall be mutually discussed and agreed by the parties. The vendor, based on the professional advice of a reputable oil and gas surveyor selected by the vendor, and acting in accordance with good industry practice and using the best and bona fide internal estimation, has valued the NK Oil Field at US\$135 million. Except for the clauses in relations to, among other things, the Escrow Amount and confidentiality of the HOA, the HOA shall not give rise to any legally binding rights or obligations.

Due Diligence Review and Purchase Agreement

The Purchaser has just started the full-scale due diligence review on the NK Oil Field and Phystech. Such due diligence review mainly focuses on, among other matters, (i) the corporate status of Phystech; (ii) license for the exploration and production rights in the NK Oil Field granted to Phystech; (iii) technical data and report relating to the NK Oil Field; (iv) litigation and environmental matters; (v) insurances; and (vi) intellectual property. It is the intention of the parties to negotiate, agree and sign the Purchase Agreement within 45 calendar days from the execution of the HOA and completion of the Acquisition shall be conditional on the terms and conditions of the Purchase Agreement. As at the date of this announcement, the Company is conducting a due diligence review and the terms and conditions of the Purchase Agreement have not been concluded yet.

Concerns of the Management

After the preliminary study by the Professors and Dr. Chuang on the NK Oil Field and its operation, based on the current status of the NK Oil Field and Phystech, it is with certain that the NK Oil Field has a substantial oil reserves for exploration and has a good chance to increase its daily output as well as profitability but the Company still has the following concerns:-

- (1) In light of the current manpower of Phystech, it will not have sufficient and qualified experts and/or engineers to manage the daily operation of the NK Oil Field.
- (2) Phystech's exploration rights will expire in November 2009 and Phystech has applied for the extension of the exploration rights and the increase of licensed area. The possibility for Phystech to extend the exploration contract and increase both the surface area and depth for the entire area cannot be ascertained at this moment.
- (3) With enhance recovery method, it is possible to boost per well daily output by 20% to 30%, the life expectancy and the recovery factor will be increased. However, the cost of additional utility, equipment, and environmental issues will need to be taken into consideration.
- (4) The Company has to complete the due diligence study on the NK Oil Field and Phystech as well as finalizing the terms of the Purchase Agreement within 45 days.

Therefore, the Company is of the view that without the grant of the additional exploration and production contract, the NK Oil Field is only reasonably attractive. The Company has started discussion with an international leading oil exploration company in relation to the possibilities of collaboration in investing and operating the NK Oil Field so as to speed up the due diligence process and leverage the Company's technical and financial strength on this project. Such possible collaboration may or may not be materialized and no definitive agreement has been concluded yet.

The Company may or may not proceed with the Acquisition. Investors in and holders of the shares of the Company should be aware that the Company may or may not identify suitable investments in the energy related sectors in the near future and should therefore exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 September 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, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.