



Willie International Holdings Limited
威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

(Warrant Code: 614)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The Board of Directors (the “Board”) of Willie International Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 (the “Year”) together with the comparative figures for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i> <i>(restated)</i>
Turnover	3&4	1,448,876	295,508
Other income	4	49,377	2,677
Cost of investments held for trading sold		(1,343,948)	(293,316)
Depreciation and amortisation expense		(4,373)	(1,155)
Employee benefits expense		(13,353)	(13,304)
Other operating expenses		(32,193)	(11,084)
Loss on disposal of interest in a subsidiary		–	(143)
Loss on disposal of interests in associates	8(b)&(c)	(20,853)	–
Loss on disposal of convertible note issued by an associate		–	(31,000)
Net unrealised holding (loss) gain on investments held for trading		(300,817)	10,017
Fair value loss on derivative financial instruments		(6,915)	–
Profit on deemed disposal of interest in an associate	8(a)	21,087	8,429
Share of profit (loss) of associates		10,347	(79,010)
Finance costs		(4,817)	(2,380)
Loss before taxation	5	(197,582)	(114,761)
Taxation	6	–	–
Loss for the Year		<u>(197,582)</u>	<u>(114,761)</u>
Loss attributable to equity holders		<u>(197,582)</u>	<u>(114,761)</u>
Loss per share – Basic	7	<u>(17.6 cents)</u>	<u>(33.1 cents)</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		326,500	7,200
Property, plant and equipment		35,049	22,977
Intangible assets		134,626	–
Interests in associates		–	98,118
Other investments		113,965	–
Prepayments for acquisition of investment properties		8,656	–
		618,796	128,295
Current assets			
Investments held for trading		537,370	118,818
Loans receivable	9	335,637	103,529
Other receivables		52,160	1,631
Cash and cash equivalents		304,355	8,878
		1,229,522	232,856
Current liabilities			
Other payables	10	13,290	8,242
Financial liabilities at fair value through profit or loss		6,915	–
Current portion of interest-bearing borrowings		160,992	7,507
		181,197	15,749
Net current assets		1,048,325	217,107
Total assets less current liabilities		1,667,121	345,402
Non-current liabilities			
Long-term interest-bearing borrowings		180,656	15,788
NET ASSETS		1,486,465	329,614
CAPITAL AND RESERVES			
Share capital		151,793	350,649
Reserves		1,334,672	(21,035)
TOTAL EQUITY		1,486,465	329,614

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of these financial statements is historical cost, except for investment properties, investments held for trading and financial liabilities at fair value through profit or loss, which are measured at fair value.

2. ADOPTION OF NEW AND REVISED HKFRS

The accounting policies adopted in the preparation of the financial statements of the current year are consistent with those of the previous year except for the adoption of HKAS 1 (Amendment): Capital disclosures and HKFRS 7: Financial instruments: Disclosures, which have become effective for the current year and management considers being most relevant to the Group’s current operations:

HKAS 1 (Amendment): Capital disclosures

The amendment requires financial statements to provide additional disclosures in relation to the Group’s objectives, policies and processes for managing capital.

HKFRS 7: Financial instruments: Disclosures

HKFRS 7 superseded HKAS 30: Disclosures in the financial statements of banks and similar financial institution and incorporated all the disclosure requirements previously in HKAS 32, while the presentation requirements in HKAS 32 remain unchanged. HKFRS 7 requires financial statements to disclose information for the purpose of evaluating the significance of the Group’s financial instruments, the nature and risks arising from those financial instruments to which the Group is exposed to and how the Group manages them.

Both HKAS 1 (Amendment) and HKFRS 7 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

At the date of authorisation of these financial statements, the Group has not early adopted the new/revised standards and interpretations issued by the HKICPA that are not yet effective for the current year. The Group has already commenced an assessment of impact of these new/revised standards and interpretations but is not yet in a position to state whether they would significantly impact on its results of operations and financial position.

3. TURNOVER

Turnover recognised from the principal activities of the Group during the Year including investment holding, trading of investments, property investment and provision of financial services are as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proceeds from sale of investments held for trading	1,426,764	283,735
Interest income	18,188	10,950
Dividend income from listed investments	3,399	801
Rental income	525	22
	<u>1,448,876</u>	<u>295,508</u>

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segment is its primary reporting format and no geographical segment has been presented as the Group's operations and assets are principally located in Hong Kong for the years ended 31 December 2007 and 2006.

Business segments

Business segments of the Group comprise the following:

Trading of investments:	Purchase and sale of securities
Provision of financial services:	Provision of securities brokerage, financial advisory and loan financing services
Property investment:	Holding properties for rental and capital appreciation
Investment holding:	Holding investments for dividend and investment income and capital appreciation

The following tables show segment information for the years ended 31 December 2007 and 2006.

Year ended 31 December 2007

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
Segment income	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue	1,430,314	17,867	525	170	–	1,448,876
Other income	532	840	40,699	7,296	10	49,377
Total income	<u>1,430,846</u>	<u>18,707</u>	<u>41,224</u>	<u>7,466</u>	<u>10</u>	<u>1,498,253</u>
Segment results	(221,307)	1,764	37,267	(6,848)	(14,222)	(203,346)
Loss on disposal of interests in associates	–	–	–	(20,853)	–	(20,853)
Profit on deemed disposal of interest in an associate	–	–	–	21,087	–	21,087
Share of profit of associates	9,165	1,110	–	72	–	10,347
Finance costs	–	–	–	–	(4,817)	(4,817)
Loss for the Year						<u>(197,582)</u>

Year ended 31 December 2006

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
Segment income	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue	284,665	10,821	22	–	–	295,508
Other income	–	–	570	–	2,107	2,677
Total income	<u>284,665</u>	<u>10,821</u>	<u>592</u>	<u>–</u>	<u>2,107</u>	<u>298,185</u>
Segment results	1,359	10,655	(840)	(23,653)	1,822	(10,657)
Loss on disposal of interest in a subsidiary	–	–	–	(143)	–	(143)
Loss on disposal of convertible note issued by an associate	–	–	–	(31,000)	–	(31,000)
Profit on deemed disposal of interest in an associate	–	–	–	8,429	–	8,429
Share of loss of associates	656	(34,253)	–	(45,271)	(142)	(79,010)
Finance costs	–	–	–	–	(2,380)	(2,380)
Loss for the year						<u>(114,761)</u>

5. LOSS BEFORE TAXATION

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
This is stated after charging:		
Auditors' remuneration	1,188	1,135
Contributions to MPF Scheme	236	214
Depreciation of property, plant and equipment	2,999	1,155
Amortisation of intangible assets	1,374	–
Operating lease charges:		
Equipment	93	72
Office premises	1,362	1,042
Equity-settled share-based payment	5,656	5,899
Allowance for doubtful debts	<u>14,000</u>	<u>–</u>

6. TAXATION

Hong Kong Profits Tax has not been provided as the companies in the Group either incurred a loss for taxation purposes or their estimated assessable profits for the year ended 31 December 2007 were wholly absorbed by unutilised tax losses brought forward from previous years (2006: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share for the year of 2007 is based on the loss for the Year of HK\$197,582,000 (2006: HK\$114,761,000) and the weighted average number of 1,123,396,624 shares (2006 (restated): 345,873,000 shares) in issue during the Year.

No diluted loss per share is presented for the year of 2007 as the potential ordinary shares under the convertible notes, warrants and share option scheme have anti-dilutive effect. No diluted loss per share was presented for the year of 2006 as the potential ordinary shares under the share option scheme had anti-dilutive effect.

The weighted average number of ordinary shares adopted in the calculation of the basic loss per share for the years of 2007 and 2006 has been adjusted to reflect the impact of the share consolidation effected during the Year and the rights issue effected subsequent to the balance sheet date.

8. (a) The Group's interest in Hennabun Management International Limited ("HMIL") (currently known as Hennabun Capital Group Limited) was firstly reduced from 35.55% to 29.74% as a result of HMIL's issue of new shares to third parties and then further reduced from 29.74% to 16.17% after a shareholder of HMIL had the convertible note converted into 873,333,333 ordinary shares of HMIL.

As a result of the above changes in the Group's shareholding in HMIL, a profit on deemed disposal of HK\$21 million was recognised in the income statement.

- (b) In April 2007, the Group entered into agreements with third parties to dispose of the Group's remaining 16.17% interest in HMIL, leading to a loss on disposal of HK\$12.5 million recognised in the income statement.
- (c) Pursuant to the sale and purchase agreement dated 3 September 2007, the Group disposed of its 50% interest in Amerinvest Coal Industry Holding Company Limited ("Amerinvest") to a third party with a loss on disposal of HK\$8.3 million recognised in the income statement.

9. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to repayment schedules. At the balance sheet date, loans receivable are within the respective maturity dates (2006: within maturity dates)

10. OTHER PAYABLES

Included in other payables is an amount of HK\$7,393,000 (2006: HK\$6,072,000) payable to a securities broker of which the settlement term is two days after trade date.

11. COMPARATIVE FIGURES

Certain comparative figures regarding employee benefits expense and other operating expenses in the consolidated income statement have been reclassified to conform with the current year's presentation.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2006: Nil).

CAPITAL REORGANISATION AND RIGHTS ISSUE

The Company passed a special resolution to effect the capital reorganisation comprising the share consolidation (i.e. the consolidation of 10 shares of HK\$0.10 each into one consolidated share of HK\$1.00) and the capital reduction (i.e. the reduction of the par value of a consolidated share from HK\$1.00 to HK\$0.10) in 2007. The said capital reorganisation became effective on 31 December 2007. The Company acquired from the market 8 issued shares of the Company pursuant to the powers granted to the Directors under the repurchase mandate so as to facilitate the said capital reorganisation. The credit of approximately HK\$1,366,138,168 arising from the capital reduction was credited to the share premium account of the Company.

On 28 December 2007, conditional upon the aforesaid capital reorganisation, an ordinary resolution approving the rights issue to issue 1,517,931,298 rights shares on the basis of one rights share for every then existing issued and paid up share at a subscription price of HK\$0.22 per rights share was passed. On 29 January 2008, an aggregate of 1,517,931,298 rights shares of the Company were issued at the subscription price of HK\$0.22 per rights share.

BUSINESS REVIEW AND PROSPECTS

Results

Turnover for the year ended 31 December 2007 amounted to HK\$1,448.9 million, an increase of 390.3% when compared with HK\$295.5 million for the last year. The increase in turnover was mainly attributable to the increase in the sale of listed investments during the Year. Loss attributable to equity holders for the Year was HK\$197.6 million compared with a loss of HK\$114.8 million for the last year. Loss attributable to equity holders for the Year was mainly resulted from the net unrealised holding loss recognised on listed investments and derivative financial instruments amounted to HK\$307.7 million (2006: net unrealised holding gain of HK\$10.0 million). Loss per share for the Year was HK\$0.176 compared with HK\$0.331 as restated for the last year. The Audit Committee has reviewed the Group's audited financial statements for the Year, including the accounting principles and practices adopted by the Group.

The Year in Review

2007 was a mixed year. The Company saw tremendous growth in the financial markets around the world during the first half of the year but only to come to a halt as the result of the US subprime mortgage meltdown and credit crunch. The Company saw an Hang Seng Index that reached a high of close to 32,000 but only to drop to around 27,800 at year end and subsequently to around 24,000 recently. Performance of the Company was strong in the first half of the year, result in the second half of the year was severely depressed by the impact of the unprecedented turbulence in the financial markets and especially the Hong Kong and China stock markets.

During the Year, the Company continued to execute its growth strategies. The Board have evaluated many projects in the natural resources and energy sectors as well as real estate or investment properties in the Hong Kong market. Shareholders will see that the Company has acquired several properties in the local upper end housing market. The property holdings of the Company have appreciated as a result of the strong local demand for luxury housing. The Company has proceeded with the forestry project in Simao District, Puer City in the Yunnan Province as stated in the annual report last year. Harvest of lumber has been scheduled to proceed in 2008. With the rising demand and cost of lumber in China, the project will begin to yield positive cash flow in 2008. The Company's investment portfolio which consists of mostly local stocks and investment instruments has suffered a write down as the result of the market correction. The Board continues to have positive outlook for the local economy and stock market and will continue to monitor the portfolio and take appropriate actions.

The mission of Chairman of the Company is to grow the Company and its subsidiaries and our business. It has been the experience of the Company that in a business cycle, attributes such as the size, scale, revenue diversity, and the ability to execute are directly related to the strength of the Company and hence its ability to negotiate and take advantage of potential business opportunities. During the Year, the Company has taken several opportunities to strengthen its capital base through various placements, stock options, and other financial instruments, the Company has increased its capital base by HK\$1,389.2 million (before issue expenses). During the first few months of 2008, the Company has further increased the capital base by HK\$385.5 million (before issue expenses). The Company has concentrated much of our resources in cash and liquid asset and the Company is in a good position to take advantage of opportunities as they arise.

Liquidity and Capital Resources

During the Year, the Company has completed four share placements for 6,154,218,000 new shares and the issuance of 2,018,600,000 new shares arising from exercise of share options, raising a total additional equity of approximately HK\$717.3 million (before issue expenses) and HK\$246.9 million respectively.

During the Year, the Company has issued two series of two years non-interest bearing convertible notes at a conversion price of HK\$0.1 with an aggregate principal amount of HK\$350 million, the convertible notes were converted in full and resulted in the issuance of 3,500 million shares of the Company.

During the Year, the Company has issued 3,000,000,000 listed warrants at an issue price of HK\$0.025 per warrant in October 2007 and raising an additional equity of HK\$75 million (before issue expenses). Each warrant confers the right to subscribe for one share at the subscription price of HK\$0.10 each and exercisable during a period of 18 months commencing from the date of issue. As a result of the share consolidation completed and rights issue approved, the subscription rights of the warrants was adjusted to 300,000,000 shares and the subscription price of the warrants was adjusted to HK\$0.68 per share at the end of the Year, respectively. The subscription price of the warrants was subsequently adjusted to HK\$0.67 per share as a result of a share placement completed in February 2008.

As at 31 December 2007, the Group's total equity amounted to HK\$1,486.5 million as compared with HK\$329.6 million at 31 December 2006. As at 31 December 2007, the Group had net current assets of HK\$1,048.3 million including cash and cash equivalents of HK\$304.4 million as compared with HK\$217.1 million including cash and cash equivalents of HK\$8.9 million at 31 December 2006. The Group maintained a low gearing ratio of 2.5% (computed on the basis of net borrowings to total equity) and current ratio of 6.8 times at 31 December 2007 as compared to 4.4% and 14.8 times respectively at 31 December 2006.

As at 31 December 2007, the Group had bank and other borrowings amounted to HK\$341.6 million (31 December 2006: HK\$23.3 million). Of the Group's bank and other borrowings of HK\$341.6 million, 47.1%, 3.3%, 10.7%, 38.9% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated with reference to prime rate and denominated in Hong Kong dollars. The Group did not have any financial instruments used for hedging purpose.

As most of the Group's transactions and bank balances were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was minimal.

Pledge of Assets

As at 31 December 2007, certain assets of the Group with an aggregate carrying value of HK\$343.9 million (31 December 2006: HK\$27.7 million) have been pledged to banks to secure general banking facilities granted to the Group.

Capital Commitments

As at 31 December 2007, the Group had capital commitments contracted but not provided net of deposit paid in respect of balance payment for acquisition of properties and other capital expenditure amounting to HK\$58.3 million (31 December 2006: NIL).

Contingent Liabilities

As at 31 December 2007, the Company had contingent liabilities not provided for in the financial statements in respect of corporate guarantees for banking facilities of HK\$216.9 million (31 December 2006: HK\$38 million) granted to its subsidiaries, which were utilised to the extent of HK\$191.6 million (31 December 2006: HK\$18.3 million).

Employees

As at 31 December 2007, the Group employed a total of 27 employees (2006: 25). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and a share option scheme.

Material Acquisition and Disposal

In 2007, the Group acquired several investment properties. In April 2007, the Group acquired a property known as House No. 6, Somerset Path, The Royal Oaks, 8 Kam Tsin South Road, Sheung Shui, New Territories at a consideration of HK\$57.8 million. In June 2007, the Group also acquired a holding company for its principal asset, a property known as Unit 1, Sunshine Villa, No. 48 Mount Kellett Road, The Peak, Hong Kong at a consideration of HK\$88 million.

During the Year, the Group acquired 100% equity interest in Allied Loyal International Investments Limited for the principal asset of 50% of the forestry lands use rights (林地使用權) and forestry trees entitlement (林木所有權) of the forests granted by 雲南省普洱市翠雲區人民政府 in Simao District (思茅區), Puer City (普洱市), Yunnan Province, the People's Republic of China (the "PRC"). In October 2007, the Group completed the disposal of all of its 50% interest in Amerinvest, a company that invests in the West China Coking Project in Yunnan Province in the PRC.

Future Plan

The global economy is facing great challenges as the result of the fallout of the US subprime mortgage crisis. There are great uncertainties and difficulties ahead. While the Company has not changed its growth plan in the natural resources and the real estate markets, we will be using extreme caution in implementing our strategies. After the capital exercises during the beginning of 2008, the Company is in a good position to capture any good opportunities as they may arise.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company purchased 8 shares of HK\$0.10 each in the capital of the Company at HK\$0.03 (or HK\$0.26 adjusted) per share on The Stock Exchange of Hong Kong Limited.

Date	Number of shares repurchased	Price per share <i>HK\$</i>	Aggregate consideration paid (excluding expenses) <i>HK\$</i>
29 November 2007	8	0.03	0.24

The repurchased shares were cancelled and the issued share capital of the Company was diminished by the nominal value thereof.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2007.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by officers of the Group on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

AUDITORS’ REPORT

The auditors’ report of the Group’s financial statements for the year ended 31 December 2007 is unqualified.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company’s website at <http://www.willie273.com> and the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>. The 2007 annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

The Board would like to thank the shareholders for their ongoing support and confidence; the associates of the Company for their commitment in bringing in and creating opportunities; and also to thank the employees of the Company for their dedications and hard work.

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

Hong Kong, 18 April 2008

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.