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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)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

#### 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 2008 together with the comparative figures for the year ended 31 December 2007 as follows:

#### CONSOLIDATED INCOME STATEMENT

*Year ended 31 December 2008*

	Notes	2008 HK\$'000	2007 HK\$'000 (restated)
<b>Turnover</b>	3&4	<b>(341,209)</b>	104,928
Other income		<b>4,952</b>	8,682
Depreciation and amortisation expense		<b>(15,294)</b>	(4,373)
Employee benefits expense		<b>(11,286)</b>	(13,353)
Other operating expenses		<b>(201,817)</b>	(32,193)
Gain on disposal of interest in a subsidiary		<b>545</b>	—
Loss on disposal of interests in associates		—	(20,853)
Net unrealised loss on investments held for trading		<b>(144,341)</b>	(307,732)
Net unrealised loss on investments designated as at fair value upon initial recognition		<b>(21,344)</b>	—
Net (losses) gains arising from changes in fair value of investment properties		<b>(47,845)</b>	40,695
Profit on deemed disposal of interest in an associate		—	21,087
Share of profit of associates		—	10,347
Finance costs		<b>(9,106)</b>	(4,817)
<b>Loss before taxation</b>	5	<b>(786,745)</b>	(197,582)
Taxation	6	<b>(11,083)</b>	—
<b>Loss for the year</b>		<b><u>(797,828)</u></b>	<b><u>(197,582)</u></b>
<b>Loss attributable to equity holders</b>		<b><u>(797,828)</u></b>	<b><u>(197,582)</u></b>
<b>Loss per share — Basic</b>	7	<b><u>HK\$(5.09)</u></b>	<b><u>HK\$(7.75)</u></b>

**CONSOLIDATED BALANCE SHEET**  
*As at 31 December 2008*

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	8	<b>609,814</b>	326,500
Property, plant and equipment		<b>194,961</b>	35,049
Intangible assets		<b>131,879</b>	134,626
Other investments		<b>123,521</b>	113,965
Prepayments for acquisition of investment properties		<b>5,304</b>	8,656
Loans receivable	9	<b>15,720</b>	—
		<b><u>1,081,199</u></b>	<u>618,796</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>369,232</b>	537,370
Loans receivable	9	<b>234,238</b>	335,637
Other receivables		<b>44,396</b>	52,160
Cash and cash equivalents		<b>167,057</b>	304,355
		<b><u>814,923</u></b>	<u>1,229,522</u>
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss		<b>12,270</b>	6,915
Other payables	10	<b>23,242</b>	13,290
Tax payable		<b>1,237</b>	—
Current portion of interest-bearing borrowings		<b>24,384</b>	160,992
		<b><u>61,133</u></b>	<u>181,197</u>
<b>Net current assets</b>		<b><u>753,790</u></b>	<u>1,048,325</u>
<b>Total assets less current liabilities</b>		<b><u>1,834,989</u></b>	<u>1,667,121</u>
<b>Non-current liabilities</b>			
Long-term interest-bearing borrowings		<b>269,037</b>	180,656
Deferred tax liabilities		<b>25,439</b>	—
		<b><u>294,476</u></b>	<u>180,656</u>
<b>NET ASSETS</b>		<b><u>1,540,513</u></b>	<u>1,486,465</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>38,996</b>	151,793
Reserves		<b>1,501,517</b>	1,334,672
<b>TOTAL EQUITY</b>		<b><u>1,540,513</u></b>	<u>1,486,465</u>

## 1. BASIS OF PREPARATION AND MEASUREMENT

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. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2007 consolidated financial statements. The adoption of the new/revised HKFRSs that are effective from the current year has had no significant effects on the Group’s results and financial position for the current and prior years.

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

## 2. FUTURE CHANGES IN HKFRS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/ revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted. The directors anticipate that the adoption of these new/ revised HKFRSs in the future periods will have no material impact on the results of the Group.

HKAS 1 (Revised)	<i>Presentation of Financial Statements<sup>1</sup></i>
HKAS 23 (Revised)	<i>Borrowing Costs<sup>1</sup></i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements<sup>2</sup></i>
HKAS 32 and HKAS 1 (Amendments)	<i>Puttable Financial Instruments and Obligations Arising on Liquidations<sup>1</sup></i>
HKAS 39 (Amendments)	<i>Eligible Hedged Items<sup>2</sup></i>
HKFRS 1 and HKAS 27 (Amendments)	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate<sup>1</sup></i>
HKFRS 2 (Amendments)	<i>Share-based Payment — Vesting Conditions and Cancellations<sup>1</sup></i>
HKFRS 3 (Revised)	<i>Business Combinations<sup>2</sup></i>
HKFRS 7 (Amendments)	<i>Improving Disclosures about Financial Instruments<sup>1</sup></i>
HKFRS 8	<i>Operating Segments<sup>1</sup></i>
HK(IFRIC) — Int 15	<i>Agreements for the Construction of Real Estate<sup>1</sup></i>
HK(IFRIC) — Int 17	<i>Distributions of non-cash Assets to Owners<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

### 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:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> <i>(restated)</i>
Net (losses) gains from sale of investments at fair value through profit or loss ( <i>Note</i> )	<b>(384,030)</b>	82,816
Interest income	<b>29,032</b>	18,188
Dividend income from listed investments	<b>3,153</b>	3,399
Rental income	<b>10,636</b>	525
	<b><u>(341,209)</u></b>	<b><u>104,928</u></b>

*Note: The Group's proceeds from the sale of investments at fair value through profit or loss and the corresponding carrying amount were separated into "Turnover" and "Cost of investments held for trading sold" respectively, in the prior year's consolidated income statement. During the current year, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to present the losses or gains from the sale of investments at fair value through profit or loss in "Turnover" on a net basis.*

*The effect of this change in presentation was to decrease turnover and cost of investments held for trading sold for the year ended 31 December 2008 by HK\$902,573,000, representing the carrying amount of investments at fair value through profit or loss disposed of during the year.*

*To conform with the current year's presentation, the carrying amount of investments at fair value through profit or loss disposed of for the year ended 31 December 2007 of HK\$1,343,948,000 has been offset against turnover, resulting in a decrease in turnover and cost of investments held for trading sold for that year by the same amount. This has resulted in no change in the results of the Group in respect of the current and prior year.*

#### 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 geographical segment is its secondary reporting format as the Group's assets were located in Hong Kong and the Mainland China ("PRC") for the years ended 31 December 2008 and 2007.

##### (a) Business segments

Business segments of the Group comprise the following:

Trading of investments:	Purchase and sale of securities and provision of securities services
Provision of financial services:	Provision of 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 2008 and 2007.

##### Year ended 31 December 2008

Segment revenue	Trading of	Provision of	Property	Investment	Unallocated	Total
	investments	financial	investment	holding		
	HK\$'000	services	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	(380,877)	29,032	10,636	—	—	(341,209)
Other income	<u>2,239</u>	<u>1,432</u>	<u>203</u>	<u>1,078</u>	<u>—</u>	<u>4,952</u>
Total revenue	<u>(378,638)</u>	<u>30,464</u>	<u>10,839</u>	<u>1,078</u>	<u>—</u>	<u>(336,257)</u>
<b>Segment results</b>	<b>(543,431)</b>	<b>(123,807)</b>	<b>(58,923)</b>	<b>(8,868)</b>	<b>(16,756)</b>	<b>(751,785)</b>
Gain on disposal of interest in a subsidiary	—	—	—	545	—	545
Impairment losses on other investments	—	—	—	(11,575)	—	(11,575)
Impairment loss on property, plant and equipment	—	—	(14,824)	—	—	(14,824)
Finance costs	—	—	—	—	(9,106)	(9,106)
Loss before taxation	—	—	(11,083)	—	—	(786,745)
Taxation	—	—	(11,083)	—	—	(11,083)
<b>Loss for the year</b>						<u><b>(797,828)</b></u>

#### 4. SEGMENT INFORMATION (CONTINUED)

##### (a) Business segments (continued)

Year ended 31 December 2007

Segment revenue	Trading of investments HK\$'000 (restated)	Provision of financial services HK\$'000	Property investment HK\$'000 (restated)	Investment holding HK\$'000	Unallocated HK\$'000	Total HK\$'000 (restated)
Turnover	86,366	17,867	525	170	-	104,928
Other income	<u>532</u>	<u>840</u>	<u>4</u>	<u>7,296</u>	<u>10</u>	<u>8,682</u>
Total revenue	<u>86,898</u>	<u>18,707</u>	<u>529</u>	<u>7,466</u>	<u>10</u>	<u>113,610</u>
<b>Segment results</b>	(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)	<u>(4,817)</u>
Loss before taxation						(197,582)
Taxation						<u>—</u>
Loss for the year						<u>(197,582)</u>

##### (b) Geographical segments

The Group's investment properties are principally located in Hong Kong and PRC. Trading of investments, investment holding and provision of financial services are carried out in Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the investments services:

	2008 HK\$'000	2007 HK\$'000 (restated)
Hong Kong	(342,075)	104,928
PRC	<u>866</u>	<u>—</u>
	<u>(341,209)</u>	<u>104,928</u>

## 5. LOSS BEFORE TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
This is stated after charging:		
Auditor's remuneration	1,468	1,372
Contributions to MPF Scheme	309	236
Depreciation of property, plant and equipment	12,547	2,999
Amortisation of intangible assets	2,747	1,374
Operating lease charges on :		
Equipment	68	93
Office premises	759	1,362
Equity-settled share-based payment	—	5,656
Allowance for doubtful debts	103,268	14,000
Bad debts	51,932	—
Loss on termination of convertible notes	818	—
Impairment losses on other investments	11,575	—
Impairment loss on property, plant and equipment	<u>14,824</u>	<u>—</u>

## 6. TAXATION

No provision for Hong Kong Profits Tax has been made as the individual companies comprising the Group have no estimated assessable profits derived from Hong Kong for both years.

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax		
PRC Enterprise Income Tax	<u>199</u>	<u>—</u>
Deferred taxation		
Origination of temporary differences	24,284	—
Changes in tax rate	(629)	—
Benefit of tax losses recognised	<u>(12,771)</u>	<u>—</u>
	<u>10,884</u>	<u>—</u>
Total tax charge for the year	<u>11,083</u>	<u>—</u>

## 7. LOSS PER SHARE

The calculation of the basic loss per share for the year of 2008 is based on the loss for the year of HK\$797,828,000 (2007: HK\$197,582,000) and the weighted average number of 156,831,038 ordinary shares (2007 (restated): 25,498,857 ordinary shares) in issue during the year.

No diluted loss per share is presented for the year of 2008 as the potential ordinary shares under the warrants have anti-dilutive effect. No diluted loss per share is presented for the year of 2007 as the potential ordinary shares under the convertible notes, warrants and share options have anti-dilutive effect.

Both the weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year of 2008 and 2007 have been adjusted to reflect the impact of the share consolidations and rights issues effected during the years.

## 8. INVESTMENT PROPERTIES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Fair value</b>		
At beginning of year	<b>326,500</b>	7,200
Additions	<b>86,119</b>	143,705
Additions - acquisition of subsidiaries	<b>270,040</b>	137,600
Transfer to property, plant and equipment	<b>(25,000)</b>	—
Disposals	—	(2,700)
Net changes in fair value	<b>(47,845)</b>	<u>40,695</u>
<b>At balance sheet date</b>	<b><u>609,814</u></b>	<b><u>326,500</u></b>

## 9. LOANS RECEIVABLE

All loans granted to third parties borrowers are repayable according to repayment schedules. At the balance sheet date, loans receivable amounting to HK\$234,238,000 (2007: HK\$335,637,000) and HK\$15,720,000 (2007: Nil) are receivable within one year and in the second to fifth years inclusive respectively.

## 10. OTHER PAYABLES

Included in other payables is an amount of HK\$6,774,000 (2007: HK\$7,393,000) payable to a securities broker of which the settlement term is two days after trade date.

## 11. COMPARATIVE FIGURES

Certain comparative figures regarding the turnover and other income 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 ended 31 December 2008 (2007: Nil).

## **FINAL RESULTS**

As already mentioned in our profit warning announcement dated 12 March 2009, the continued deterioration in the equity market caused by the global economic and financial tsunami has adversely and significantly affected the Group's operating results for the year ended 31 December 2008 which recorded a net loss of approximately HK\$798 million as compared to a net loss of approximately HK\$198 million in last year. The huge increase in net loss for the year was mainly due to the net realised and unrealised loss on investments at fair value through profit or loss of approximately HK\$550 million (2007: approximately HK\$225 million), impairment losses on certain assets of approximately HK\$26 million (2007: Nil), net losses arising from changes in fair value of investment properties of approximately HK\$48 million (2007: net gains of approximately HK\$41 million), allowance for doubtful debts of approximately HK\$103 million (2007: HK\$14 million), bad debts of approximately HK\$52 million (2007: Nil) and deferred tax charge of approximately HK\$11 million (2007: Nil). Accordingly, basic loss per share for the year was HK\$5.09 (2007 (restated): HK\$7.75).

## **BUSINESS REVIEW & PROSPECTS**

### ***Business Review***

Last year in the 2007 annual report of the Company, the Chairman of the Company mentioned of an “unprecedented turbulence in the financial markets” in the second half of the year (2007), and unfortunately it continued through 2008 and into 2009. As the year progressed, a series of problems appeared within many of the world's top financial institutions. This led to a dysfunctional credit market which almost became non-functional. By the end of the year, housing prices and stock prices started tumbling, which in turn produced a paralyzing fear and a freefall in business activities. The slowing business activities together with declining consumer spending led to even greater fear — an unending spiral which feeds on itself.

There is however a gleam of hope. We have witnessed oil price which soaring to over US\$160 per barrel only to drop to below US\$50 per barrel as a result of falling demand. The downward spiral has also spurred various governments to take massive actions by pumping billions of dollars into their respective economies. At the date hereof, to say that we have “seen the worst” may be premature but we are seeing some signs of stabilization in the financial markets.

China which hosted the 2008 Olympic Games, presented us with an unforgettable opening ceremony and during the same year marked its first spacewalk as astronaut Zhai Zhigang floated in space for 13 minutes, has not been immune to the global financial tsunami. Both China's exports and imports have fallen substantially and with more than 15% (or 20 million) of nations migrant workers losing their jobs. Premier Wen Jiabao has promised that "the government stood ready to unveil additional stimulus measures should the current €460 billion package of tax cuts and infrastructure spending prove insufficient to raising growth to about 8 percent" and that "the country could be the first to recover from the global financial crisis".

Hong Kong has seen its share of financial crisis in the past, but our people has always stood up to the challenge and we have always looked obstacles in the face and overcome them. As premier Wen stated "with the central government ... firmly support the work of HKSAR and with joint efforts, Hong Kong people could turn present difficulties into opportunities... and achieve sustainable development" and indeed, we have already seen mainland investments in the local housing markets, businesses, and infrastructures.

During the year, we took a conservative approach in implementing our strategies. Despite all the investment proposals we received, we did not invest in any long term projects. The Company strengthened its income base through the acquisitions and the subsequent lease of investment properties. We made several acquisitions within our current location of China United Centre, including Room 2201 to 2203 and Room 2205 to 2209, the entire of 29th, 30th, 31st and 32nd Floor. Except for the 29th Floor which was purchased by cash, all the considerations were satisfied by the issuance of convertible notes or consideration shares of the Company. In September 2008, the Company acquired an income producing commercial building in Guangzhou through the issuance of shares of the Company. The Company also acquired the entire interests in a yacht and certain marine facilities for cash consideration in order to generate rental income by the leasing of the yacht and marine facilities on time sharing basis.

In addition to the recent acquisitions stated above, the Company also holds a portfolio of investment properties from prior years' purchases, money lending, investment grade art objects, and collectable paintings. In the midst of the financial tsunami and faced with great global uncertainties ahead, we have taken a very conservative approach in evaluating and assessing the fair value of the portfolio and have reduced the asset value by approximately HK\$215 million accordingly. Having done that, we like to point that we continue to have a positive outlook for the economy and believe that the portfolios could return to profit when the economy recovers.

The Company has invested in the stocks of listed companies in Singapore, USA, and Hong Kong as well as derivative contracts tied to stocks of USA and Hong Kong. As a result of the global financial tsunami, the investment portfolio has suffered both realised and unrealised losses of approximately HK\$384 million and HK\$166 million respectively. At 31 December 2008, the outstanding exposure to derivative contracts amounted to approximately HK\$12 million. The Directors will continue to monitor the investment portfolio and take appropriate actions as necessary.

We have proceeded with the harvest of lumber for our forestry project. Most of our lumber is destined to be used for crates and furniture. Due to the slowdown in economy, harvest of lumber has been kept to a minimum. Since the project is managed by a third party on a profit sharing basis without cost to the Company, although the amount of lumber harvested did not reach a breakeven amount, the Company is not expected to suffer any loss. The Company has appointed an independent appraiser to assess the market value of the forestry project at the balance sheet date, no impairment is considered necessary. The lumber will be harvested in greater quantities once the economy begins to pick up.

### ***Prospect***

As previously mentioned, to say that we have “seen the worst” of the financial tsunami may be premature but we remain positive that the local economy and stock market will survive. As premier Wen said “ ... Hong Kong people could turn present difficulties into opportunities... and achieve sustainable development”. More than ever, we are faced with a tight credit market, we are faced with global uncertainties and talks of “financial reform”, and we are faced with a very dynamic investment environment. The Company is strong in asset and will take a conservative approach to investment opportunities as they may arise.

## **FINANCIAL REVIEW**

### ***Liquidity and Capital Resources***

During the year, the Company had completed one share placement for 303,580,000 new shares at HK\$0.17 each and two rights issues resulting in the issuance of 1,517,931,298 rights shares on an one for one basis at HK\$0.22 each in January 2008 and 1,749,721,295 rights shares on the basis of five rights shares for every two adjusted shares held at a subscription price of HK\$0.15 per rights share in August 2008, raising a total additional capital (before issue expenses) of approximately HK\$52 million and an aggregate sum of approximately HK\$596 million respectively. Furthermore, the Company has issued an aggregate of 960 million new shares and the

3-year non-interest bearing convertible notes at an aggregate principal amount of approximately HK\$86.9 million to satisfy the acquisition cost of approximately HK\$219 million for various investment properties in Hong Kong and the PRC. Further details are disclosed in the section headed “Material Acquisitions”.

During the year, apart from additions through acquisition of subsidiaries, the Group invested approximately HK\$38 million and HK\$21 million in property, plant and equipment and other investment in artworks respectively. It also invested approximately HK\$86 million in other investment properties located in Hong Kong. These capital expenditures were mostly financed from internal resources and partly from bank borrowings.

At 31 December 2008, the Group’s total equity amounted to approximately HK\$1,541 million (2007: approximately HK\$1,486 million) and the Group had net current assets of approximately HK\$754 million including cash and cash equivalents of approximately HK\$167 million (2007: approximately HK\$1,048 million including cash and cash equivalents of approximately HK\$304 million). The Group continued to maintain a single-digit gearing ratio of 8.2% (2007: 2.5%), which is computed on the basis of net borrowings to total equity, and current ratio of 13.3 times (2007: 6.8 times).

In December 2008, the Group obtained additional secured loan of HK\$40 million from banks. During the year ended 31 December 2008, the Group repaid approximately HK\$23 million secured bank loan and HK\$150 million unsecured other loans. At 31 December 2008, the Group had secured bank borrowings of approximately HK\$293 million (2007: bank and other borrowings of approximately HK\$342 million) of which 8.3%, 8.5%, 23.6% and 59.6% (2007: 47.1%, 3.3%, 10.7% and 38.9% respectively) are repayable within one year, in the second year, between the third and fifth years and over five years respectively. The Group’s bank borrowings carrying interest rates were calculated with reference to prime rate and HIBOR 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 rate was minimal.

### ***Capital Reorganisation***

On 4 August 2008, a special resolution for approving the capital reorganisation, which involved capital reduction and share consolidation of five reduced shares into one adjusted shares was passed at an extraordinary general meeting of the Company. Consequently, the issued share capital of the Company was reduced from

HK\$349,944,259.50 to HK\$69,988,851.90 divided into 699,888,519 adjusted shares and a total credit of approximately HK\$279,955,407.60 arisen as a result of such capital reduction, which in its entirety, was credited to the share premium account of the Company.

On 4 December 2008, a special resolution was passed at an extraordinary general meeting of the Company to approve another capital reorganisation, which involved the capital reduction and share consolidation of ten reduced shares into one adjusted share. As a result, the issued share capital of the Company was reduced from HK\$389,960,981 to approximately HK\$38,996,098.10 divided into 389,960,981 adjusted shares, giving rise to a total credit of approximately HK\$350,964,882.90, which in its entirety, be credited to the share premium account of the Company.

### *Issuance and Termination of Convertible Notes*

In May 2008, the Group entered into three sales and purchase agreements to acquire three companies for the entire of 30th to 32nd Floor of China United Centre at North Point, Hong Kong and the considerations of which were satisfied by the issuance of the 3-year non-interest bearing convertible notes at an aggregate principal amount of approximately HK\$86.9 million. In October 2008, an ordinary resolution was passed at an extraordinary general meeting of the Company to terminate such convertible notes in consideration of an issue of 650,000,000 ordinary shares of the Company in order to reduce the liabilities of the Company and in turn to improve the financial position of the Company.

### **MATERIAL ACQUISITIONS**

During the year, the Group acquired various commercial investment properties and certain assets in Hong Kong and PRC to strengthen its income base by generating a stable source of rental income. In April 2008, the Group acquired the entire interest in Allied Well Development Limited for the principal assets of its subsidiary, being Room 2201 to 2203 and Room 2205 to 2009 on 22nd Floor of China United Centre, 28 Marble Road, North Point, Hong Kong, at a consideration of HK\$20,160,000 which was satisfied by the issuance and allotment of 160,000,000 consideration shares of the Company.

In May 2008, the Group entered into three sales and purchase agreements to acquire the entire interests in Glamorous Investments Limited, Best Inspire Limited and Bright Majestic Limited for the principal assets of their subsidiaries, being the entire of 30th, 31st and 32nd Floor of China United Centre, 28 Marble Road, North Point, Hong Kong, at the aggregate consideration of approximately HK\$86.9 million which was satisfied by the issue of the 3-year non-interest bearing convertible notes.

Nevertheless, in order to reduce the liabilities of the Company, the Company subsequently terminated these convertible notes in the consideration of an issue and allotment of 650,000,000 settlement shares of the Company at an issue price of HK\$0.14 per share in November 2008.

In September 2008, the Group acquired the entire interest in Jet Star Industries Limited for its principal asset being a 20-storey commercial building, namely Jifu Plaza, situated at No. 103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, PRC at the consideration of HK\$112,000,000 which was satisfied by the issue and allotment of 800,000,000 consideration shares of the Company. In the same month, the Company also announced to acquire the entire of 29th Floor of China United Centre, 28 Marble Road, North Point, Hong Kong at the cash consideration of HK\$58,880,000 which was partly financed from internal resources and partly from bank borrowings.

During the year ended 31 December 2008, the Group also acquired the entire interest in Uprite Limited for a yacht and certain marine facilities at the cash consideration of HK\$94,000,000 which was financed by internal resources.

#### **PLEDGE OF ASSETS**

At 31 December 2008, certain assets of the Group with an aggregate carrying value of approximately HK\$636 million (2007: approximately HK\$344 million) have been pledged to banks to secure banking facilities granted to the Group.

#### **CAPITAL COMMITMENTS**

At 31 December 2008, the Group had capital commitments in respect of acquisition of property, plant and equipment and investment properties contracted for but not provided in the consolidated financial statements amounting to approximately HK\$36 million (2007: approximately HK\$58 million).

#### **CONTINGENT LIABILITIES**

At the balance sheet date, the Company had provided corporate guarantees for banking facilities amounting to HK\$296,488,000 (2007: HK\$216,920,000) granted to its subsidiaries, which were utilised to the extent of HK\$250,951,000 (2007: HK\$191,648,000). The directors assessed the overall exposure of the corporate guarantees granted by the Company and considered that the fair value of such corporate guarantees is immaterial to the financial statements of the Company.

## EMPLOYEES

At 31 December 2008, the Group employed a total of 31 employees (2007: 27 employees). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, a mandatory provident fund and a share option scheme.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2008, the Company purchased a total of 5 ordinary shares of HK\$0.10 each of the Company on the Stock Exchange at an aggregate consideration of HK\$0.202. All of the purchased shares were cancelled.

<b>Date of the purchases</b>	<b>Total number of the ordinary shares purchased</b>	<b>Price paid per share</b>	<b>Aggregate consideration paid (excluding expenses)</b>
27 June 2008	1	HK\$0.042	HK\$0.042
24 November 2008	<u>4</u>	HK\$0.040	<u>HK\$0.160</u>
	<u>5</u>		<u>HK\$0.202</u>

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

## AUDIT COMMITTEE

The Company has formed an audit committee comprising three Independent Non-executive Directors. The audit committee has reviewed and discussed the auditing, internal controls and financial reporting matters including a review of consolidated results of the Group for the year ended 31 December 2008.

## 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 Listing Rules throughout the year.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 Issuer (the “Model Code”) contained in Appendix 10 of the Listing Rules. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code throughout the year.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

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

## **APPRECIATION**

We would like to take this opportunity to thank the shareholders of the Company for their continuing support and we also thank our dedicated staff for their contributions to the success of the Group.

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

Hong Kong, 20 April 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. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*