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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 2009

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 2009 (the “Year”) together with the comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

| | | 2009 | 2008 |
|---|--------------|-----------------|-----------------|
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Turnover | 3&4 | 94,451 | (341,209) |
| Other income | | 19,412 | 4,952 |
| Depreciation and amortisation expense | | (24,868) | (15,294) |
| Reversal of allowance (Allowance) for doubtful debts, net | | 54,043 | (103,268) |
| Employee benefits expense | | (10,141) | (11,286) |
| Other operating expenses | | (23,868) | (98,549) |
| Net (losses) gain on disposal of interests in subsidiaries | 15 | (26,588) | 545 |
| Net fair value losses on investments held for trading | | (51,563) | (144,341) |
| Net fair value gains (losses) on investments designated as at fair value upon initial recognition | | 89,697 | (21,344) |
| Loss on deemed disposal of interests in jointly controlled entities | | (734) | — |
| Share of results of associates | | (1,484) | — |

| | <i>Notes</i> | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| Share of results of jointly controlled entities | | 5,662 | — |
| Net gains (losses) arising from changes in fair value of investment properties | | 19,227 | (47,845) |
| Finance costs | | <u>(9,961)</u> | <u>(9,106)</u> |
| Profit (Loss) before taxation | 5 | 133,285 | (786,745) |
| Taxation | 6 | <u>(3,940)</u> | <u>(11,083)</u> |
| Profit (Loss) for the year | | 129,345 | (797,828) |
| Other comprehensive loss: | | | |
| Exchange differences on translation of foreign operation | | <u>(4)</u> | <u>(790)</u> |
| Total comprehensive income (loss) for the year | | <u>129,341</u> | <u>(798,618)</u> |
| Profit (Loss) for the year attributable to: | | | |
| Equity holders of the Company | | 129,345 | (797,828) |
| Minority interest | | <u>—</u> | <u>—</u> |
| | | <u>129,345</u> | <u>(797,828)</u> |
| Total comprehensive income (loss) attributable to: | | | |
| Equity holders of the Company | | 129,341 | (798,618) |
| Minority interest | | <u>—</u> | <u>—</u> |
| | | <u>129,341</u> | <u>(798,618)</u> |
| Earnings (Loss) per share — Basic and Diluted | 7 | <u>HK\$0.28</u> | <u>HK\$(5.09)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

| | <i>Notes</i> | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investment properties | 8 | 638,773 | 609,814 |
| Property, plant and equipment | | 224,805 | 194,961 |
| Intangible assets | 9 | — | 131,879 |
| Other investments | | 146,430 | 123,521 |
| Interests in associates | 10 | 183,459 | — |
| Available-for-sale financial assets | | 27,061 | — |
| Prepayments for acquisition of investment properties | | — | 5,304 |
| Loans receivable | 12 | <u>13,849</u> | <u>15,720</u> |
| | | <u>1,234,377</u> | <u>1,081,199</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 11 | 886,347 | 369,232 |
| Loans receivable | 12 | 133,605 | 234,238 |
| Other receivables | 13 | 416,223 | 44,396 |
| Cash and cash equivalents | | <u>196,419</u> | <u>167,057</u> |
| | | <u>1,632,594</u> | <u>814,923</u> |
| Current liabilities | | | |
| Financial liabilities at fair value through profit or loss | 11 | — | 12,270 |
| Other payables | 14 | 11,496 | 23,242 |
| Tax payable | | 688 | 1,237 |
| Current portion of interest-bearing borrowings | | <u>27,306</u> | <u>24,384</u> |
| | | <u>39,490</u> | <u>61,133</u> |
| Net current assets | | <u>1,593,104</u> | <u>753,790</u> |
| Total assets less current liabilities | | <u>2,827,481</u> | <u>1,834,989</u> |
| Non-current liabilities | | | |
| Long-term interest-bearing borrowings | | 268,063 | 269,037 |
| Deferred tax liabilities | | <u>29,398</u> | <u>25,439</u> |
| | | <u>297,461</u> | <u>294,476</u> |
| NET ASSETS | | <u><u>2,530,020</u></u> | <u><u>1,540,513</u></u> |

| | 2009 HK\$'000 | 2008 HK\$'000 |
|--|-------------------------|-------------------------|
| CAPITAL AND RESERVES | | |
| Share capital | 59,745 | 38,996 |
| Reserves | <u>1,868,567</u> | <u>1,501,517</u> |
| Equity attributable to equity holders of the Company | 1,928,312 | 1,540,513 |
| Minority interest | <u>601,708</u> | <u>—</u> |
| TOTAL EQUITY | <u><u>2,530,020</u></u> | <u><u>1,540,513</u></u> |

Notes:

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 HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group and the Company for the current and prior years, except that certain presentation and disclosures of consolidated financial statements items have been revised.

HKAS 1 (Revised): *Presentation of Financial Statements*

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare one statement. In addition, the revised Standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group and the Company did not restate comparative information during the year, this new requirement has no impact on the consolidated financial statements.

HKAS 23 (Revised): *Borrowing costs*

HKAS 23 (Revised) eliminates the option to expense borrowing costs and requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. The revised standard has no impact on the consolidated financial statements.

Amendments to HKFRS 2: *Share-based payments - Vesting conditions and cancellations*

Amendments to HKFRS 2 clarify that vesting conditions include service and performance conditions only, and all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of these amendments had no impact on the consolidated financial statements.

Amendments to HKAS 27: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to HKAS 27 remove the distinction between dividends distributed from pre- and post-acquisition profits from the definition of the cost method and replace it with a requirement to recognise all dividends received in profit or loss once the entity's right to receive the dividend is established. As from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities are recognised in the Company's profit or loss regardless of whether they are made out of the pre- or post-acquisition profits. The carrying amount of the investment in the investee however is assessed for impairment as a result of the investee declaring the dividend. In accordance with the transitional provision in the Amendment, the new policy is applied only prospectively from the current period and thus no restatement is made to prior periods.

Improvements to HKFRS (2008)

Improvements to HKFRS (2008) contain improvements to a number of standards aiming to remove inconsistencies and clarify wording in the standards. The adoption of those improvements had resulted in a number of changes in the details of the Group's accounting policies.

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

Amendments to HKFRS 7 require additional disclosure about fair value measurements and liquidity risk. The fair value measurement disclosures are presented, and the liquidity risk disclosures are not significantly impacted by the amendments. The Group has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments are not provided in the consolidated financial statements.

Amendments to HK(IFRIC) 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement*

Amendments to HK(IFRIC) 9 and HKAS 39 require an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial

asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date of the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. The adoption of these amendments had no significant impact on the consolidated financial statements.

HKFRS 8: *Operating Segments*

The standard replaces HKAS 14: *Segment Reporting*. It requires segment information to be reported based on internal information used by management to evaluate the performance of operating segments and allocate resources to those segments. Adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group has determined that its operating segments are substantially the same as the business segments previously identified under HKAS 14.

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The adoption of HKFRS 8 has resulted in the change of presentation in segment information. Comparatives for 2008 segment disclosures have been restated.

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 are in the process of assessing the possible impact on the future adoption of these new / revised HKFRS, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

| | |
|----------------------------|---|
| HKFRS 1 (Revised) | <i>First-time adoption of HKFRS¹</i> |
| Amendments to HKFRS 1 | <i>First-time adoption of HKFRS — Additional exemptions for first-time adopters²</i> |
| Amendments to HKFRS 1 | <i>Limited Exemption from Comparative HKFRS 7 Disclosures for first-time adopters⁵</i> |
| Amendments to HKFRS 2 | <i>Share-based Payment — Group Cash-settled Share-based Payment Transactions³</i> |
| HKFRS 3 (Revised) | <i>Business Combinations¹</i> |
| HKFRS 9 | <i>Financial Instruments⁷</i> |
| HKAS 24 (Revised) | <i>Related Party Disclosures⁶</i> |
| HKAS 27 (Revised) | <i>Consolidated and Separate Financial Statements¹</i> |
| Amendments to HKAS 32 | <i>Financial Instruments: Presentation — Classification of Rights Issues⁴</i> |
| Amendments to HKAS 39 | <i>Eligible Hedged Items¹</i> |
| Improvements to HKFRS 2009 | <i>Improvements to HKFRS 2009²</i> |
| HK(IFRIC) — Int 14 | <i>Prepayment of a Minimum Funding Requirement⁶</i> |
| HK(IFRIC) — Int 17 | <i>Distributions of non-cash Assets to Owners¹</i> |
| HK(IFRIC) — Int 19 | <i>Extinguishing Financial Liabilities with Equity Instruments⁵</i> |

Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary¹

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 July 2010

⁶ Effective for annual periods beginning on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 January 2013

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:

| | 2009 | 2008 |
|--|-----------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net gains (losses) from the sale of investments at fair value through profit or loss | 25,894 | (384,030) |
| Interest income from loans receivable | 25,561 | 29,032 |
| Dividend income from listed investments | 6,183 | 3,153 |
| Rental income | <u>36,813</u> | <u>10,636</u> |
| | <u>94,451</u> | <u>(341,209)</u> |

4. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The directors consider trading of investments, provision of financial services, property investment and investment holding are the Group's major operating segments. Segment results represent the profit earned or loss incurred by each segment without allocation of finance costs and taxation. The following analysis is the measure reported to chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Operating 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 |

Operating segments

An analysis of the Group's results by operating segments is set out below.

Year ended 31 December 2009

| | Trading of investments <i>HK\$'000</i> | Provision of financial services <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|--|--------------------------------|--------------------------|
| Segment revenue | | | | | | |
| Turnover | 32,077 | 25,561 | 36,813 | — | — | 94,451 |
| Other income | <u>233</u> | <u>4,642</u> | <u>11,449</u> | <u>2,611</u> | <u>477</u> | <u>19,412</u> |
| Total revenue | <u><u>32,310</u></u> | <u><u>30,203</u></u> | <u><u>48,262</u></u> | <u><u>2,611</u></u> | <u><u>477</u></u> | <u><u>113,863</u></u> |
| Segment results | | | | | | |
| Net losses on disposal of interests in subsidiaries | — | — | — | (26,588) | — | (26,588) |
| Loss on deemed disposal of interests in jointly controlled entities | — | — | — | (734) | — | (734) |
| Share of results of jointly controlled entities | — | — | — | 5,662 | — | 5,662 |
| Share of results of associates | — | — | — | (1,484) | — | (1,484) |
| Finance costs | — | — | — | — | (9,961) | (9,961) |
| Profit before taxation | | | | | | 133,285 |
| Taxation | — | — | (3,940) | — | — | <u>(3,940)</u> |
| Profit for the year | | | | | | <u><u>129,345</u></u> |

Year ended 31 December 2008 (as restated)

| | Trading of investments <i>HK\$'000</i> | Provision of financial services <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Unallocated <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|--|--------------------------------|--------------------------|
| Segment revenue | | | | | | |
| 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><u>(378,638)</u></u> | <u><u>30,464</u></u> | <u><u>10,839</u></u> | <u><u>1,078</u></u> | <u><u>—</u></u> | <u><u>(336,257)</u></u> |
| Segment results | | | | | | |
| 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 | | | | | | (786,745) |
| Taxation | — | — | (11,083) | — | — | <u>(11,083)</u> |
| Loss for the year | | | | | | <u><u>(797,828)</u></u> |

Geographical segments

The Group's investment properties are principally located in Hong Kong and the People's Republic of China (the "PRC"). Trading of investments, investment holding and provision of financial services are carried out in Hong Kong.

The following table sets out information about the geographical location of the Group's turnover from external customers. The geographical location of customers is based on the location at which the services were provided.

An analysis of the Group's turnover from external customers by geographical location is set out below:

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|-----------|--------------------------------|--------------------------------|
| Hong Kong | 89,834 | (342,075) |
| PRC | <u>4,617</u> | <u>866</u> |
| | <u>94,451</u> | <u>(341,209)</u> |

5. PROFIT (LOSS) BEFORE TAXATION

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| <i>This is stated after charging:</i> | | |
| Auditor's remuneration | 1,624 | 1,468 |
| Contributions to MPF Scheme | 319 | 309 |
| Depreciation of property, plant and equipment included in depreciation and amortisation expense | 23,450 | 12,547 |
| Amortisation of intangible assets included in depreciation and amortisation expense | 1,418 | 2,747 |
| Operating lease charges on: | | |
| Equipment | 18 | 68 |
| Office premises | — | 759 |
| Bad debts | — | 51,932 |
| Loss on termination of convertible notes | — | 818 |
| Impairment losses on other investments included in other operating expenses | — | 11,575 |
| Impairment loss on property, plant and equipment included in other operating expenses | — | 14,824 |
| Direct operating expenses relating to investment properties that generated rental income | <u>3,995</u> | <u>2,421</u> |

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the year. In prior year, 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.

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

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| Current tax | | |
| Hong Kong Profits Tax | | |
| Current year | 106 | — |
| Overprovision in prior years | (619) | — |
| Underprovision in prior years | 35 | — |
| PRC Enterprise Income Tax | <u>463</u> | <u>199</u> |
| | <u>(15)</u> | <u>199</u> |
| Deferred taxation | | |
| Origination of temporary differences | 5,831 | 24,284 |
| Changes in tax rate | — | (629) |
| Benefit of tax losses recognised | <u>(1,876)</u> | <u>(12,771)</u> |
| | <u>3,955</u> | <u>10,884</u> |
| Total tax charge for the year | <u><u>3,940</u></u> | <u><u>11,083</u></u> |

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on profit attributable to equity holders of the Company for the year of 2009 of HK\$129,345,000 (2008: loss of HK\$797,828,000) and the weighted average number of 460,763,756 ordinary shares (2008: 156,831,038 ordinary shares) in issue during the year.

The Company had no dilutive potential ordinary shares for the year of 2009 and 2008. Accordingly, the diluted earnings per share (2008: diluted loss per share) was same as the basic earnings per share (2008: basic loss per share).

8. INVESTMENT PROPERTIES

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Fair value | | |
| At beginning of year | 609,814 | 326,500 |
| Additions | 36,732 | 86,119 |
| Additions — acquisition of subsidiaries | — | 270,040 |
| Transfer to property, plant and equipment | (21,000) | (25,000) |
| Disposals | (6,000) | — |
| Net changes in fair value | <u>19,227</u> | <u>(47,845)</u> |
| At end of the reporting period | <u><u>638,773</u></u> | <u><u>609,814</u></u> |

9. INTANGIBLE ASSETS

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|---------------------------------------|--------------------------------|--------------------------------|
| At cost | | |
| At beginning of year | 131,879 | 134,626 |
| Amortisation | (1,418) | (2,747) |
| Disposals | <u>(130,461)</u> | <u>—</u> |
| At end of the reporting period | <u><u>—</u></u> | <u><u>131,879</u></u> |

10. INTERESTS IN ASSOCIATES

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|---------------------|--------------------------------|--------------------------------|
| Share of net assets | <u>183,459</u> | <u>—</u> |

Details of the principal associates at the end of the reporting period are as follows:

| Name of associates | Place of incorporation and operations | Class of share held | Proportion of nominal value of issued capital held by the Group | Principal activities |
|------------------------------|---|------------------------|---|-------------------------|
| Best Purpose Limited | British Virgin Islands | Ordinary shares | 47.5% | Investment holding |
| Double Smart Finance Limited | Hong Kong | Ordinary shares | 47.5% | Money lending |

11. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Analysis of financial assets at fair value through profit or loss:

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---|------------------|------------------|
| Investments held for trading | | |
| Equity securities | | |
| Listed in Hong Kong (<i>Note</i>) | 809,061 | 293,065 |
| Listed overseas | <u>28,035</u> | <u>12,613</u> |
| | <u>837,096</u> | <u>305,678</u> |
| Investments designated as at fair value upon initial recognition | | |
| Unlisted derivative financial instruments | 12,766 | 9,612 |
| Unlisted convertible bonds | <u>36,485</u> | <u>53,942</u> |
| | <u>49,251</u> | <u>63,554</u> |
| | <u>886,347</u> | <u>369,232</u> |

Analysis of financial liabilities at fair value through profit or loss:

| | | |
|---|----------|---------------|
| Investments held for trading | | |
| Unlisted derivative financial instruments | <u>—</u> | <u>12,270</u> |

Note: At the end of the reporting period, the Company holds 161,655,800 shares in Mascotte Holdings Limited ("Mascotte") with fair value of HK\$161,656,000, representing approximately 29.61% interest in the issued share capital of Mascotte. Mascotte is not treated as an associate because in the opinion of the directors, the investment was acquired for trading and did not have the right to exercise significant influence over the investment.

12. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to repayment schedules. The balance comprises loans receivable from:

| | <i>Notes</i> | 2009 HK\$'000 | 2008 HK\$'000 |
|--|--------------|------------------|------------------|
| Third parties | <i>(a)</i> | 210,679 | 367,226 |
| Allowance for doubtful debts | <i>(b)</i> | <u>(63,225)</u> | <u>(117,268)</u> |
| | | 147,454 | 249,958 |
| Less: Balances due within one year included in current assets | | <u>(133,605)</u> | <u>(234,238)</u> |
| Non-current portion | | <u>13,849</u> | <u>15,720</u> |

Notes:

- (a) At the end of the reporting period, loans receivable (1) carry effective interest rates ranging from around 2% per annum to 12% per annum (2008: *from prime lending rate* to 8% per annum*); (2) include balances of HK\$33,243,000 which was past due over ten months (2008: *HK\$8,000,000 which was past due for three months*); (3) include balances of HK\$177,436,000 (2008: *HK\$359,226,000*) which were within the respective maturity dates and (4) an aggregate amount of HK\$57,666,000 (2008: *HK\$153,635,000*) were secured by listed securities, a property and personal guarantees. The aggregate fair value of the pledged assets was HK\$3,502,000 at the end of the reporting period.

* Represents the Hong Kong dollar prime lending rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited from time to time.

- (b) The directors assessed the collectability of loans receivable at the end of the reporting period individually with reference to borrowers' past collection history and current creditworthiness. An amount of HK\$63,225,000 (2008: *HK\$117,268,000*) in respect of four loans was determined to be impaired as a result of the assessment. In the directors' opinion, there was no indication of deterioration in the collectability of the remaining amount of HK\$147,454,000 (2008: *HK\$249,958,000*) and thus no additional allowance was considered necessary.
- (c) At the end of reporting period, loans receivable of HK\$133,605,000, HK\$12,957,000 and HK\$892,000 (2008: *HK\$234,238,000, HK\$15,720,000 and Nil*) are receivable within one year, between the second to fifth year and over five years respectively.

13. OTHER RECEIVABLES

| | 2009 | 2008 |
|---|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Deposits and prepayments | 40,747 | 18,906 |
| Subscription monies receivable in the capital of a subsidiary | 350,000 | — |
| Other receivables | <u>25,476</u> | <u>25,490</u> |
| | <u>416,223</u> | <u>44,396</u> |

None of the above assets is either past due or impaired receivable for which there was no history of default. In the directors' opinion, these balances are fully recoverable.

14. OTHER PAYABLES

Included in other payables is an amount of HK\$3,804,000 (2008: *HK\$6,774,000*) payable to a securities broker of which the settlement term is two days after trade date.

15. DISPOSAL OF SUBSIDIARIES

| | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Gain on disposal of subsidiaries | 125,120 | 545 |
| Loss on deemed disposal of interests in subsidiaries | <u>(151,708)</u> | <u>—</u> |
| Net (losses) gain on disposal of interests in subsidiaries | <u>(26,588)</u> | <u>545</u> |

16. COMPARATIVE FIGURES

Certain comparative figures of 2008 have been restated to conform with the presentation as required by certain accounting standards described in note 1.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2008: Nil).

FINAL RESULTS

The Company made a positive profit alert announcement on 5 March 2010 which indicated the Group has achieved a turnaround from its core businesses. For the Year, the Group reported a positive turnover of approximately HK\$94 million, an increase of approximately HK\$435 million, as compared with a negative turnover of approximately of HK\$341 million in last year. The rise in turnover was mainly contributed by the increase in net gains from the sale of investments of approximately HK\$410 million and the increase in rental income of approximately HK\$26 million.

Benefiting from the continued recovery of Hong Kong as well as other major stock markets, rental income and the gradual growth of property market and the improvement of the money lending portfolio, the Group reported a consolidated profit of approximately HK\$129 million for the Year as compared to a consolidated loss of approximately HK\$798 million in last year. The consolidated profit was mainly attributed by the net gains from the sale of investments and net fair value gains on trading of investments held in an aggregate amount of approximately HK\$64 million (2008: an aggregate losses of approximately HK\$550 million), net fair value gains on investment properties of approximately HK\$19 million (2008: *net fair value losses of approximately HK\$48 million*) and the reversal of allowance and recovery of bad debts in loans receivable in an aggregate amount of approximately HK\$59 million (2008: an aggregate allowance and bad debts of approximately HK\$155 million). Earnings per share for the Year was HK\$0.28 (2008: loss per share of HK\$5.09).

BUSINESS REVIEW & PROSPECTS

Business Review

Last year in the annual report of the Company, we talked about an “unprecedented turbulence in the financial markets” that started in the second half of 2007 which continued through 2008 and into 2009. We also mentioned of “a gleam of hope” while many economists were sure that the world economy would be in shambles throughout 2009 and probably well beyond with no one knowing how long the financial crisis would last and how damaging its effects would be. We also mentioned that “to say we have seen the worst may be premature but we are seeing signs of stabilization in the financial markets”. Looking back now, we can say that the market hit a bottom at the end of the first quarter and that in the second half of the year the economy stopped shrinking and started to grow again.

There are still economic weaknesses in many parts of the world with the latest casualty or reminder being that of Greece. Hong Kong’s open economy has left it exposed to the global economic slowdown, GDP fell in 2009 as a result of the global financial crisis, but third quarter 2009 real GDP grew over the second quarter, indicating that the economic recovery is underway. Increasing integration with China has helped the recovery from the downturn more quickly than many other countries. Hong Kong over the past few years has become increasingly integrated with China through trade, tourism, and financial links. In 2009 Hong Kong has become the first Chinese yuan trade settlement facility outside of China. The recovery can be reflected in the Hong Kong Stock Exchange Hang Seng Index which hit a low of about 11,300 in March 2009 only to rebound to about 21,800 by the end of December 2009 where it has been consolidating.

Under the shadow of the financial tsunami, the Company continued to take a conservative and cautious approach in investing and has achieved a turnaround from its core businesses. We remain active in seeking opportunities in financial services, energy related projects, and property investments. For our investment portfolio, we have made minor adjustments to our stock holdings. The portfolio benefitted from the recovery of the stock market and returned a profit of approximately HK\$72 million for the Year which was mainly contributed by net gains from the sale of investments approximately HK\$26 million and net fair value gains on trading of investments held of approximately HK\$38 million. To strengthen the money lending business, we acquired 50% equity stake in Best Purpose Limited (“Best Purpose”) which wholly-owns a money lender in Hong Kong. This business segment also reported a profit of approximately HK\$84 million mainly attributed to the reversal of allowance and recovery of bad debts of approximately HK\$59 million and the rest to the stable interest income. We looked into many investment proposals or projects and identified

one potential oil project in Kazakstan which we subsequently decided against after careful evaluations. The Company disposed of its wholly-owned subsidiary, Richful Zone International Limited, which owns certain rights to forestry sites in Yunnan Province for convertible bonds of Mascotte Holdings Limited (“Mascotte”, a HKEx listed company). The Company has acquired 23rd Floor of China United Centre, 28 Marble Road, North Point, Hong Kong and certain properties in Bel-Air while disposed of one residential property in Elizabeth House, Nos. 250 — 254 Gloucester Road, Causeway Bay, Hong Kong. In an attempt to diversify its property portfolio, the Company has sold approximately 44.73% interest of its property arm, Cordoba Homes Limited, for the cash consideration of HK\$450 million. The additional capital can be used to acquire additional properties.

Prospect

With the worst of the economy behind us and the recovery beginning, the investment environment is positive for 2010. During the past few years, we have worked to put the Company in a financially flexible position. With a strong balance sheet and a low interest environment, we believe that we should be able to invest in projects that would make the Company financially attractive to investors.

FINANCIAL REVIEW

Liquidity

During the Year, the Group invested approximately HK\$26 million and HK\$20 million in property, plant and equipment, and other investment in artworks respectively. It also invested approximately HK\$37 million in various investment properties located in Hong Kong. These capital expenditures were mostly financed from internal resources and partly from bank borrowings. The Group also disposed of an investment property for HK\$6 million in cash.

At 31 December 2009, the Group’s total equity amounted to approximately HK\$2,530 million (2008: approximately HK\$1,541 million) and had net current assets of approximately HK\$1,593 million including cash and cash equivalents of approximately HK\$196 million (2008: approximately HK\$754 million including cash and cash equivalents of approximately HK\$167 million). The Group continued to maintain a single-digit gearing ratio of 3.9% (2008: 8.2%), which is computed on the basis of net borrowings to total equity, and current ratio of 41.3 times (2008: 13.3 times).

During the Year, the Group obtained additional bank borrowings of HK\$40 million and repaid approximately HK\$38 million bank loans. At 31 December 2009, the Group had secured bank borrowings of approximately HK\$295 million (2008: approximately HK\$293 million) of which 9.3%, 9.4%, 24.9% and 56.4% (2008: 8.3%, 8.5%, 23.6% and 59.6% respectively) are repayable within one year, in the second year, between the third to fifth year and over five years respectively. Same as last year, 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 Resources

During the Year, the Company has done various exercises to strengthen its capital position. In July 2009, the Company successfully placed 77,990,000 ordinary shares at a price of HK\$1 per share raising net proceeds of approximately HK\$75 million. In the same month, the Group also exchanged the entire interest in Richful Zone International Limited, which indirectly owns the rights to (i) obtain 50% interest in the forestry land use rights and forestry tree entitlement and (ii) share 50% of distributable profits of three forestry sites in Yunnan Province of the PRC for a 4% convertible bond due 2012 in the principal amount of HK\$130 million issued by Mascotte at an initial conversion price of HK\$0.50 per Mascotte's ordinary share. At the date of completion, the convertible bond was valued by an independent professional valuer at approximately HK\$256 million and a gain on disposal of approximately HK\$125 million was then recognised in the consolidated financial statements. The Group subsequently disposed of this convertible bond in the principal amount of HK\$20 million at a cash consideration of HK\$45 million and also exercised the rest of the conversion rights attached to this convertible bond into 220 million ordinary shares of Mascotte being held for investment trading purpose.

In September 2009, an independent third party agreed to subscribe 750 million shares in Cordoba Homes Limited ("Cordoba"), a wholly-owned subsidiary of the Company, for a cash consideration of HK\$450 million. Cordoba and its subsidiaries (collectively "Cordoba Group") are principally engaged in the property investment, investment holdings and money lending businesses. The subscription monies were used for expansion of the existing business scope and future development of the business of Cordoba Group. The transaction was completed in December 2009. Upon completion, the Company's interest in Cordoba Group was subsequently reduced to

55.27% and a deemed disposal loss of approximately HK\$152 million was recognised in the consolidated financial statements. In March 2010, a supplemental agreement was entered to extend the time of balance payment of HK\$300 million for further six months with a compensation of HK\$5 million for such extension.

In a move to strengthening its money lending business, the Group acquired a 50% equity stake in Best Purpose, which wholly-owned a money lending company in Hong Kong, in August 2009 through the issuance of a 2% convertible note due 2012 in the principal amount of HK\$180 million by the Company which was fully converted into 129,496,402 new shares of the Company by the noteholder in September 2009.

Subsequent to balance sheet date, the Company successfully placed 200 million ordinary shares at a price of HK\$0.45 per share raising net proceeds of approximately HK\$87 million of which HK\$75 million was used to increase the capital of the money lending business of the Group and the rest was used to finance the balance payment for the purchase of 23rd Floor of China United Centre. In March 2010, the Company granted 59,740,000 share options to several grantees who exercised their option rights in full in the same month for a total amount of approximately HK\$22 million.

PLEDGE OF ASSETS

At 31 December 2009, certain assets of the Group with an aggregate carrying value of approximately HK\$684 million (2008: approximately HK\$636 million) have been pledged to banks to secure banking facilities granted to the Group.

CAPITAL COMMITMENTS

At 31 December 2009, the Group had capital commitments in respect of acquisition of property, plant and equipment contracted and investment properties contracted for but not provided in the consolidated financial statements amounting to approximately HK\$62 million (2008: *approximately HK\$36 million*).

CONTINGENT LIABILITIES

At the balance sheet date, the Company had provided corporate guarantees for banking facilities amounting to approximately HK\$320 million (2008: *approximately HK\$296 million*) granted to its subsidiaries, which were utilized to the extent of approximately HK\$283 million (2008: *approximately HK\$251 million*). 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 2009, the Group employed a total of 29 employees (2008: 31 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

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.

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 your 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, 19 April 2010

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.