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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 2011

RESULTS

The Board of Directors (the “Board”) of Willie International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2011 (the “Year”) together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	3&4	(31,180)	55,698
Other income		12,417	39,822
Employee benefits expenses		(10,178)	(10,533)
Depreciation		(2,583)	(29,861)
(Provision) Reversal of allowance for doubtful debts		(23,163)	15,601
Impairment loss on available-for-sale financial assets		(5,808)	—
Net loss on disposal of interest in subsidiaries		—	(47,579)
Loss on deemed disposal of interest in associates	10	(13,236)	(18,971)
Net fair value loss on investments held for trading		(437,350)	(107,899)
Net fair value (loss) gain on investments designated as at fair value upon initial recognition		(16,349)	1,471

		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain arising from changes in fair value of investment properties		—	43,681
Other operating expenses		(24,948)	(39,166)
Finance costs		(81)	(10,018)
Share of results of associates		<u>(2,068)</u>	<u>(84,940)</u>
Loss before taxation	5	(554,527)	(192,694)
Taxation	6	<u>(288)</u>	<u>(2,905)</u>
Loss for the year		(554,815)	(195,599)
Other comprehensive (loss) income:			
Share of translation reserve of associates		(148)	—
Translation reserve realised upon disposal of a subsidiary		—	794
Income tax relating to components of other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive loss for the year		<u>(554,963)</u>	<u>(194,805)</u>
Loss for the year attributable to:			
Equity holders of the Company		(552,298)	(169,285)
Non-controlling interests		<u>(2,517)</u>	<u>(26,314)</u>
		<u>(554,815)</u>	<u>(195,599)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(552,446)	(168,849)
Non-controlling interests		<u>(2,517)</u>	<u>(25,956)</u>
		<u>(554,963)</u>	<u>(194,805)</u>
Loss per share — Basic and diluted	7	<u>(HK\$1.63)</u>	<i>(Restated)</i> <u>(HK\$2.54)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,597	5,343
Interest in associates	8	567,829	583,281
Available-for-sale financial assets		104,717	26,020
Other investments		4,580	—
Deposits for acquisition of investment properties		830	—
Loans receivable	9	<u>3,051</u>	<u>4,000</u>
		<u>683,604</u>	<u>618,644</u>
Current assets			
Financial assets at fair value through profit or loss		711,170	677,842
Loans receivable	9	79,955	198,280
Other receivables		16,107	179,887
Cash and cash equivalents		<u>335,623</u>	<u>317,478</u>
		<u>1,142,855</u>	<u>1,373,487</u>
Current liabilities			
Other payables		3,016	3,467
Tax payable		316	28
Interest-bearing borrowings		<u>33,311</u>	<u>—</u>
		<u>36,643</u>	<u>3,495</u>
Net current assets		<u>1,106,212</u>	<u>1,369,992</u>
NET ASSETS		<u>1,789,816</u>	<u>1,988,636</u>
Capital and reserves			
Share capital		7,274	148,035
Reserves		<u>1,785,309</u>	<u>1,840,601</u>
Equity attributable to equity holders of the Company		1,792,583	1,988,636
Non-controlling interests		<u>(2,767)</u>	<u>—</u>
TOTAL EQUITY		<u>1,789,816</u>	<u>1,988,636</u>

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under 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 2010 consolidated financial statements except for the adoption of the following new / revised HKFRSs effective from the current year that are relevant to the Group.

Adoption of new / revised HKFRSs

HKAS 24 (Revised): *Related Party Disclosures*

HKAS 24 was revised to include a new definition of related party and to provide a partial exemption from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

- (a) a government that has control, joint control or significant influence over the reporting entity; and
- (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

The Group adopted the new definition in its accounting policies but such adoption does not have an effect on the disclosures made in these consolidated financial statements.

Improvements to HKFRSs 2010: *Improvements to HKFRSs 2010*

The improvements comprise a number of improvements to HKFRSs including the following that are considered to be relevant to the Group:

Amendments to HKAS 1 (Revised): *Presentation of Financial Statements: Clarification of Statement of Changes in Equity*

The Amendments clarify that the reconciliation of each components of other comprehensive income may be presented either in the statement of changes in equity or in the notes to the consolidated financial statements. The Group has decided to present it in the consolidated statement of changes in equity.

2. FUTURE CHANGES IN HKFRSs

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 HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

Amendments to HKFRS 1 (Revised)	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
Amendments to HKFRS 7	<i>Disclosures - Transfer of Financial Assets</i> ¹
Amendments to HKAS 12	<i>Deferred Tax - Recovery of Underlying Assets</i> ²
Amendments to HKAS 1 (Revised)	<i>Presentation of Items of Other Comprehensive Income</i> ³
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosures of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
Amendments to HKFRS 7	<i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i> ⁴
Amendments to HKAS 32	<i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ⁵
HK (IFRIC) - Int 20	<i>Stripping Cost in the Production Phase of a Surface Mine</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁶

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

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 is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Net (loss) gain from the sale of investments at fair value through profit or loss*	(54,744)	1,529
Interest income from loans and other receivables	17,020	19,676
Dividend income from listed investments	6,544	3,643
Rental income	<u>—</u>	<u>30,850</u>
	<u>(31,180)</u>	<u>55,698</u>

* Represents the proceeds from the sale of investments at fair value through profit or loss of HK\$454,088,000 (2010: HK\$818,233,000) less cost of sales and carrying value of the investments sold of HK\$508,832,000 (2010: HK\$816,704,000).

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. The following analysis is the measure reported to chief operating decision makers for the purpose 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

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reporting segments with reference to turnover generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results from operations by operating segments:

Year ended 31 December 2011

	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	<u>(48,200)</u>	<u>9,602</u>	<u>—</u>	<u>7,418</u>	<u>—</u>	<u>(31,180)</u>
Segment results	(496,227)	(10,738)	(52)	(514)	(31,611)	(539,142)
Loss on deemed disposal of interest in associates	—	—	—	(13,236)	—	(13,236)
Share of results of associates	—	—	—	(2,068)	—	(2,068)
Finance costs	(81)	—	—	—	—	(81)
Loss before taxation						(554,527)
Taxation	—	—	—	(288)	—	(288)
Loss for the year						<u>(554,815)</u>

Year ended 31 December 2010

	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	<u>5,172</u>	<u>19,594</u>	<u>30,850</u>	<u>82</u>	<u>—</u>	<u>55,698</u>
Segment results	(100,283)	28,070	73,470	(604)	(31,839)	(31,186)
Net loss on disposal of interest in subsidiaries	—	—	—	(47,579)	—	(47,579)
Loss on deemed disposal of interest in associates	—	—	—	(18,971)	—	(18,971)
Share of results of associates	—	—	—	(84,940)	—	(84,940)
Finance costs	—	—	—	—	(10,018)	<u>(10,018)</u>
Loss before taxation						(192,694)
Taxation	—	—	(2,905)	—	—	<u>(2,905)</u>
Loss for the year						<u>(195,599)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the results achieved by each segment without allocation of central administration costs including directors' emoluments. This is the measure method reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below.

At 31 December 2011

	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>	Total <i>HK\$'000</i>
Assets					
Segment assets	822,090	83,767	830	330,843	1,237,530
Interest in associates	—	—	—	567,829	567,829
Unallocated assets	—	—	—	—	<u>21,100</u>
Total assets					<u>1,826,459</u>
Liabilities					
Segment liabilities	(33,413)	(291)	(42)	(2,159)	(35,905)
Unallocated liabilities	—	—	—	—	<u>(738)</u>
Total liabilities					<u>(36,643)</u>

At 31 December 2010

	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>	Total <i>HK\$'000</i>
Assets					
Segment assets	815,236	217,663	—	350,939	1,383,838
Interest in associates	—	—	—	583,281	583,281
Unallocated assets	—	—	—	—	<u>25,012</u>
Total assets					<u>1,992,131</u>
Liabilities					
Segment liabilities	(168)	(1,396)	—	(1,210)	(2,774)
Unallocated liabilities	—	—	—	—	<u>(721)</u>
Total liabilities					<u>(3,495)</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- Segment assets include mainly all tangible assets, financial assets at fair value through profit or loss, loans receivable, other receivables and cash and cash equivalents. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.
- Segment liabilities include other payables, interest-bearing borrowings and tax payable. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(c) Other segment information

An analysis of the Group's other segment information by operating segments is set out below.

Year ended 31 December 2011

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure	—	—	830	90,806	987	92,623
Depreciation	—	—	—	—	2,583	2,583
Interest Income	(3,031)	—	—	—	(1)	(3,032)
Allowance for doubtful debts	—	20,271	—	2,892	—	23,163
Gain on disposal of available-for-sale financial assets	—	—	—	(1,531)	—	(1,531)
Impairment loss on available-for-sale financial assets	—	—	—	5,808	—	5,808
Impairment loss on other investments	—	—	—	1,320	—	1,320
Impairment loss on goodwill	—	—	—	376	—	376
	<u>—</u>	<u>—</u>	<u>—</u>	<u>376</u>	<u>—</u>	<u>376</u>

Year ended 31 December 2010

	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>
Capital expenditure	—	—	177,218	26,667	17,319	221,204
Depreciation	—	—	16,118	—	13,743	29,861
Interest income	(438)	—	—	—	(3)	(441)
Net gain arising from changes in fair value of investment properties	—	—	(43,681)	—	—	(43,681)
Reversal of allowance for doubtful debts	—	(15,601)	—	—	—	(15,601)
Impairment loss on property, plant and equipment	—	—	1,173	—	—	1,173
Reversal of impairment loss on other investments	—	—	—	(2,476)	—	(2,476)

(d) Geographical Information

All (2010: over 95%) of the Group's trading of investments, investment holding, property investment and provision of financial services are carried out in Hong Kong during the Year.

(e) Information about major customers

Included in the turnover arising from provision of financial services, property investment and investment holding segments of HK\$17,020,000 (2010: HK\$50,526,000) are turnover of HK\$7,418,000 (2010: HK\$19,048,000) which arose from interest income (2010: interest and rental income) from one (2010: one) of the Group's largest customers which contributed more than 10% of the Group's turnover.

5. LOSS BEFORE TAXATION

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
This is stated after charging (crediting):		
Finance costs		
Interest on:		
Bank and other borrowings wholly repayable within five years	81	2,694
Bank and other borrowings wholly repayable over five years	<u>—</u>	<u>7,324</u>
	<u>81</u>	<u>10,018</u>
For the years ended 31 December 2011 and 2010, the interest on bank and other borrowings which contain a repayment on demand clause amounted to HK\$81,000 and HK\$10,018,000 respectively.		
Other items		
Employee benefits expenses (excluding directors)		
Salaries, allowances and benefits in kind	6,174	6,682
Contributions to defined retirement scheme	234	278
Employees' share-based payment	<u>243</u>	<u>1,376</u>
	<u>6,651</u>	<u>8,336</u>
Auditor's remuneration	970	1,670
Operating lease payments on equipment	81	79
Operating lease payments on premises	2,229	370
Impairment loss on property, plant and equipment	—	1,173
Provision (Reversal) of impairment loss on other investments	1,320	(2,476)
Impairment loss on goodwill included in other operating expenses	<u>376</u>	<u>—</u>

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010:16.5%) on the Group's estimated assessable profits arising from Hong Kong during the Year.

Enterprise Income Tax ("EIT") in respect of operations in the People's Republic of China (the "PRC") had been provided at the applicable tax rate on the estimated assessable profits arising from the PRC in 2010. During the Year, EIT has not been provided as the Group did not carry out any operation in the PRC.

	2011	2010
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	288	176
EIT of the PRC	<u>—</u>	<u>135</u>
	<u>288</u>	<u>311</u>
Deferred taxation		
Origination of temporary differences	—	319
Benefit of tax losses reversed	<u>—</u>	<u>2,275</u>
	<u>—</u>	<u>2,594</u>
Total tax charge for the year	<u>288</u>	<u>2,905</u>

7. LOSS PER SHARE

The calculation of the basic loss per share is based on loss attributable to equity holders of the Company for the year of 2011 of HK\$552,298,000 (2010: HK\$169,285,000) and the weighted average number of 339,000,106 (2010 (restated): 66,750,928) ordinary shares in issue during the Year.

As there was an anti-dilutive effect after adjusting for the effect of all dilutive potential ordinary shares, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2011 and 2010.

The comparative amount of the basic and diluted loss per share has been adjusted as a result of the share consolidations and rights issue effected during the Year.

8. INTEREST IN ASSOCIATES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Share of net assets	<u>567,829</u>	<u>583,281</u>

The following table illustrates the summarised financial information of associates as of and for the respective years:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Financial position at the end of the reporting period		
Total non-current assets	2,644,622	1,316,292
Total current assets	221,839	636,225
Total non-current liabilities	(45,941)	(27,299)
Total current liabilities	<u>(488,570)</u>	<u>(492,386)</u>
	<u>2,331,950</u>	<u>1,432,832</u>
Group's share of net assets of associates	<u>567,829</u>	<u>583,281</u>
Operating results for the year		
Turnover	<u>41,623</u>	<u>20,167</u>
Loss for the year	<u>(7,081)</u>	<u>(283,590)</u>
Group's share of results of associates	<u>(2,068)</u>	<u>(84,940)</u>

The accounting policies adopted by the associates are consistent with the accounting policies adopted by the Group.

9. LOANS RECEIVABLE

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

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Third parties	<i>(a)</i>	103,277	202,280
Allowance for doubtful debts	<i>(b)</i>	<u>(20,271)</u>	<u>—</u>
		83,006	202,280
Less: Balances due within one year included in current assets		<u>(79,955)</u>	<u>(198,280)</u>
Non-current portion		<u>3,051</u>	<u>4,000</u>
Short term loans, net of provision		78,724	47,133
Instalment loans		<u>4,282</u>	<u>155,147</u>
		<u>83,006</u>	<u>202,280</u>

Notes:

(a) At the end of the reporting period, loans receivable (i) carry at variable and fixed interest rates and have effective interest rates ranging from around 6% per annum to 24% per annum (2010: from around 2.5% per annum to 12% per annum); (ii) include balances of HK\$4,168,000 (2010: nil) which are past due within three months; (iii) include balances of HK\$99,109,000 (2010: HK\$202,280,000) which are within the respective maturity dates and (iv) include an aggregate amount of HK\$11,572,000 (2010: nil) which is secured by personal guarantees.

(b) The movement in the allowance for doubtful debts is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
At beginning of reporting period	—	63,225
Increase in allowance	20,271	—
Reversal of allowance	—	(15,601)
Amount written off	—	(8,517)
Disposal of interest in Cordoba Homes Limited (“Cordoba”) and its subsidiaries (collectively referred to “Cordoba Group”)	<u>—</u>	<u>(39,107)</u>
At end of reporting period	<u>20,271</u>	<u>—</u>

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\$20,271,000 in respect of two borrowers (2010: nil) were 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\$83,006,000 (2010: HK\$202,280,000) and thus no additional allowance was considered necessary.

No loans receivable was past due but not impaired for the years ended 31 December 2011 and 2010. Loans receivable that were neither past due nor impaired related to a wide range of borrowers for whom there was no history of default.

10. DEEMED DISPOSAL OF INTEREST IN ASSOCIATES

In December 2010, Cordoba, an associate of the Company, entered into a subscription agreement with a third party, Hennabun Capital Group Limited ("Hennabun"), pursuant to which Cordoba agreed to issue and Hennabun agreed to subscribe 400,000,000 ordinary shares of Cordoba with a par value of HK\$0.10 each for a consideration of HK\$240,000,000. The consideration was satisfied by 40,000,000 new shares of Hennabun with a par value of US\$0.10 each. The disposal was completed on 29 December 2010 and accordingly, the Company's 49.38% equity interest in Cordoba Group was diluted to 40.71% of the enlarged issued share capital of Cordoba as at the date of completion resulting in a loss of HK\$18,971,000.

During the Year, Cordoba entered into certain subscription agreements pursuant to which Cordoba issued certain new shares to various investors, which constitute a deemed disposal of the Company's equity interest in Cordoba. These deemed disposals were completed during the Year, and accordingly, the Company's 40.71% equity interest in Cordoba Group was diluted to 24.35% of the enlarged issued share capital of Cordoba as at 31 December 2011, and there was a loss of HK\$13,236,000 arising therefrom.

11. EVENTS AFTER THE REPORTING PERIOD

- (a) In September 2011, the Company entered into a share subscription agreement with Freeman Financial Corporation Limited ("Freeman"), a company listed in Hong Kong, which became a substantial shareholder at year end, pursuant to which the Company shall subscribe for and Freeman shall issue and allot 188,548,057 Freeman's adjusted shares (upon Freeman's capital reorganisation becoming effective) to the Company at approximately HK\$0.255 each for a consideration of HK\$48,079,755 in cash (the "Freeman Subscription"). The transaction was completed in March 2012.
- (b) In December 2011, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party for the acquisition of an investment property in Hong Kong at cash consideration of HK\$8,300,000. A deposit of HK\$830,000 had been paid in December 2011 and the remaining balance was paid at the completion date of acquisition in January 2012.

- (c) At the extraordinary general meeting of the Company held on 22 December 2011, a resolution in respect of the further capital reduction was approved by the shareholders. Subject to the approval by the High Court of Hong Kong and the fulfillment of certain registration requirements, the Company is allowed to reduce the amount standing in the credit of the Company's share premium account to the extent of approximately HK\$1,322 million and applying the credit arising from such reduction to set off against the equal amount of approximately HK\$1,322 million of the Company's accumulated losses for the year ended 31 December 2010.
- (d) In February 2012, the Company announced that the Group will by itself fully subscribe for 420,686,114 rights shares of Freeman ("Freeman Rights Shares") at the aggregate subscription price of HK\$42,068,611 if the Freeman Subscription as mentioned in (a) is completed on or before the record date on 11 April 2012. Details of which are set out in the Company's announcement dated 26 January 2012 and 6 February 2012. As the Freeman Subscription was completed in March 2012, the Group will proceed with the subscription of Freeman Rights Shares in due course.
- (e) In March 2012, the Company entered into a note purchase agreement with Quinella International Incorporated (the "Vendor"), pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the unsecured notes with an aggregate principal amount of HK\$30 million at a consideration of HK\$20,483,304 which will be satisfied by the Company by way of allotment and issue of 108,953,747 ordinary shares of the Company to the Vendor (or its nominees) at the issue price of HK\$0.188 per share upon completion, details of which are set out in the Company's announcement dated 8 March 2012. The acquisition was completed in March 2012.

CHAIRMAN'S STATEMENT

DIVIDEND

The Board does not recommend the payment of a dividend for the Year (*2010: nil*).

FINAL RESULTS

For the Year, the Group reported a negative turnover of approximately HK\$31 million compared to a positive turnover of approximately HK\$56 million last year. The drop in turnover was mainly attributed to the increase in net loss from the sale of investments at fair value through profit or loss by approximately HK\$56 million and the decrease in rental income by approximately HK\$31 million.

The Group reported a consolidated loss attributable to shareholders of approximately HK\$552 million for the Year as compared to a consolidated loss of approximately HK\$169 million last year. The consolidated loss was mainly attributed by net loss from sale of investments and net fair value loss on financial assets at fair value through profit or loss in an aggregate amount of approximately HK\$508 million (*2010: a sum of net loss of approximately HK\$105 million*) and allowance for doubtful debts of approximately HK\$23 million (*2010: reversal of allowance of approximately HK\$16 million*). Loss per share for the Year was HK\$1.63 (*2010 (restated): HK\$2.54*).

BUSINESS REVIEW & PROSPECTS

Business Review & Prospect

2011 was a year of significant volatility with large degree of uncertainties in the external environment including the feeble economic situation in Europe and the US as the lingering European sovereign debt crisis spreading from Greece to Italy and Spain, the unprecedented downgrade of US's sovereign rating by Standard & Poor's for the very first time, and the raising concern about the possible double-dip recession in the global economy by European countries. The Hong Kong Hang Seng Index suffered a loss of 4,601 points to end at 18,434, its worst performance since 2008. The securities trading segment reported a loss of approximately HK\$496 million for the Year resulting mainly from the net fair value loss on financial assets at fair value through profit or loss.

During the Year, the Group acquired certain units of China United Centre in North Point for generating rental income after the deemed disposal of certain subsidiaries serving as the Group's property investment arm in December 2010. As the transaction was completed in January 2012 (subsequent to the balance sheet date), no rental income was recorded for the property investment segment during the Year.

The money lending segment reported a loss of approximately HK\$11 million which was mainly due to the allowance made for doubtful loans receivable of approximately HK\$20 million. The Group has subsequently initiated legal actions against one of these doubtful borrowers in late February 2012.

During the Year, the Group acquired a 60% equity interest in China Energy Worldwide Investment Limited ("China Energy"), which through its two entities in the PRC, intends to engage in the manufacturing of LNG-driven heavy-duty trucks and specialised vehicles and in the investment of the construction and operation of LNG refueling stations. In July 2011, the Group injected the paid-up capital of about RMB8.4 million (equivalent to HK\$10.1 million) for the first phrase of capital injection in the entity intended for the manufacturing of LNG-driven heavy-duty trucks and specialised vehicles named 陝汽淮南新能源專用汽車有限公司. However, there are certain delays in the construction of the factory. The Group has not injected the second payment and is currently re-evaluating the project and negotiating with other partners. In view of this, a provision for impairment loss of HK\$1.8 million has been made in the consolidated financial statements.

Last year, I talked about employing a more aggressive approach to investing. Perhaps it was somewhat premature as the global economy turned out to be rather fragile as reflected in the major stock indexes around the world. However, we still feel that the recovery is on the way as we saw the Hang Seng index rebounded some 3,000 points since the beginning of the year. We will continue to evaluate projects and investment proposals to capture investment opportunities and enhance the shareholders' return.

FINANCIAL REVIEW

Liquidity

As at 31 December 2011, the Group had secured bank borrowings of approximately HK\$33 million (2010: nil) with fixed interest rates of about 1% per annum is repayable within one year with a repayment on demand clause and denominated in US dollars.

As most of the Group's transactions and bank balances were denominated in Hong Kong dollars and US dollars, the Group's exposure to foreign exchange rate was minimal. The Group did not have any financial instruments used for hedging purpose.

As at 31 December 2011, the Group's total equity amounted to approximately HK\$1,790 million (2010: approximately HK\$1,989 million) and had net current assets of approximately HK\$1,106 million including cash and cash equivalents of approximately HK\$336 million (2010: approximately HK\$1,370 million including cash and cash equivalents of approximately HK\$317 million). The Group had nil gearing ratio (2010: nil) as computed on the basis of net borrowings to total equity and with current ratio of 31 times (2010: 393 times).

Capital Resources and Reorganisation

In June 2011, the Company completed the placing of about 59.21 million new shares at the placing price of HK\$0.20 each to raise net proceeds of approximately HK\$11.73 million for general working capital. Also in June 2011, the Company completed a rights issue of about 2,368.56 million rights shares on the basis of eight rights shares for every share held at HK\$0.125 per rights share to raise net proceeds of approximately HK\$286.50 million for general working capital and potential investments of the Group. The majority of the funds raised by the rights issue have been applied as initially intended and there is currently a balance of approximately HK\$136 million (excluding fund of about HK\$42 million reserved for the subscription of Freeman's rights shares) left unused and kept at the bank. As the Company has not identified appropriate investment opportunities, the Company re-designates the intended use of this bank balance from "potential investments" to "general working capital" purpose. In December 2011, the Company granted about 54.48 million share options at an exercise price of HK\$0.187 per share. All options were exercised in the same month and thereby raising an additional capital of approximately HK\$10.19 million. Also in December 2011, the Company completed placing about 128.21 million new shares to Freeman Financial Corporation Limited ("Freeman", a company listed on the Stock Exchange) to raise net proceeds of about HK\$48.08 million, which were used by the Company to subscribe for 188,548,057 new adjusted shares issued by Freeman at the same amount of consideration in March 2012 in order to develop strategic alliance and business co-operation with Freeman.

In March 2011, a capital reorganisaton involving capital reduction and share consolidation of five reduced shares into one adjusted share resulting in the authorised share capital of the Company being reduced from HK\$1,000,000,000 to HK\$20,000,000 divided into 2,000,000,000 adjusted shares of HK\$0.01 each and the issued share capital of the Company was thereby reduced from HK\$148,034,983 to HK\$2,960,699.66 divided into 296,069,966 adjusted shares thus giving rise to a total of credit of HK\$145,074,283.34 (before expenses) which was credited to the share premium account of the Company. In May 2011, an ordinary resolution approving the increase in authorised share capital from HK\$20,000,000 divided into 2,000,000,000 ordinary shares to HK\$100,000,000 divided into 10,000,000,000 ordinary shares by the creation of an additional 8,000,000,000 new ordinary shares of HK\$0.01 each was passed at the extraordinary general meeting of the Company. In December 2011, there was another capital reduction and share consolidation of five reduced shares into one adjusted share resulting in the authorised share capital of the Company being reduced from HK\$100,000,000 to HK\$20,000,000 divided into 2,000,000,000 adjusted shares of HK\$0.01 each and the issued share capital of the Company was thereby reduced from HK\$27,238,436.85 to HK\$5,447,687.37 divided into 544,768,737 adjusted shares thus giving rise to a total of credit of HK\$21,790,749.48 (before expenses) which was credited to the share premium account of the Company. Both capital reorganisations were approved by special resolutions passed at each respective extraordinary general meetings of the Company.

At the above mentioned extraordinary general meeting held in December 2011, the Company also proposed a further capital reduction to reduce the amount standing in the credit of the Company's share premium account to the extent of approximately HK\$1,322 million by applying the credit arising from such reduction to set off against the equal amount of the entire audited balance in the accumulated losses of the Company as at 31 December 2010. In doing so, this will enable the Company to pave way for future payment of dividends, as and when the Directors consider it appropriate. This special resolution was duly passed by the shareholders of the Company and is conditional upon the approval by the High Court of Hong Kong (the "High Court") and fulfillment of certain registration requirements. The application to the High Court for this further capital reduction is being finalised by the Company in consultation with its lawyers and is scheduled to be submitted to the High Court in the 2nd quarter of 2012.

MATERIAL ACQUISITION

Apart from the investment in LNG project mentioned above, the Company made an announcement in June 2011 for the acquisition of 250 million new shares of a Chapter 21 investment company listed in Hong Kong for long term investment at a cash consideration of HK\$75 million. The transaction was completed in August 2011.

PLEDGE OF ASSETS

As at 31 December 2011, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK\$711 million (*2010: approximately HK\$678 million*) were pledged to certain financial institutions and brokers to secure certain margin financing and loan facilities amounting to approximately HK\$356 million (*2010: approximately HK\$317 million*) granted to the Group of which approximately HK\$33 million (*2010: nil*) was utilised.

CAPITAL EXPENDITURE COMMITMENTS

As at 31 December 2011, the Group had capital expenditure commitments contracted but not provided (net of deposit paid) of approximately HK\$112 million (*2010: approximately HK\$0.1 million*).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group and the Company had provided corporate guarantees facilities to its associates for securing banking facilities amounting to approximately HK\$342 million (*2010: approximately HK\$360 million*), which were utilised to the extent of approximately HK\$278 million (*2010: approximately HK\$316 million*).

EMPLOYEES

As at 31 December 2011, the Group employed 24 employees (*2010: 32 employees*) excluding directors. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme.

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

During the Year, the Company purchased a total of 2 ordinary shares of HK\$0.01 each in the share capital of the Company on the Stock Exchange at an aggregate consideration of HK\$0.11 for cancellation in order to facilitate the capital reorganisation completed in December 2011. Save as disclosed above, 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 five Independent Non-executive Directors. The audit committee has reviewed and discussed the auditing, internal controls and financial reporting matters including a review of the audited 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 meeting 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 Directors confirmed that they were in compliance 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 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

Mr. Phillip King who joined the Company in April 2005 resigned from his position as the managing director in September 2011 to pursue his other business commitments. Mr. King and I had worked together for more than six years and he had provided the Company with much guidance and direction. Meanwhile, Mr. Wang Lin resigned as an executive director in June 2011 and Mr. Liu Jian resigned as an independent non-executive director in August 2011 also to pursue their own business commitments. It has been my pleasure working with them and we wish them all the best in their endeavors.

I would like to take this opportunity to welcome Mr. Derek Fung, Mr. Alfred Tsui, Mr. Frank H. Miu and Mr. Gary Drew Douglas to the Board from June 2011.

I would also like to take this opportunity to thank our shareholders for your continuing support and our employees for your dedications and hard work.

By order of the Board
Willie International Holdings Limited
Dr. Chuang Yueheng, Henry
Chairman

Hong Kong, 29 March 2012

As at the date of this announcement, the Board comprises:

Executive Directors

Dr. Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. Tsui Hung Wai, Alfred
Mr. Fung Yue Tak, Derek

Independent non-executive Directors

Mr. Cheung Wing Ping
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond
Mr. Frank H. Miu
Mr. Gary Drew Douglas