WONSON INTERNATIONAL HOLDINGS LIMITED
和成國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00651)

AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the "Board") of Wonson International Holdings Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with comparative figures as follows:-

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	**2008** *HK$'000*	**2007** *HK$'000*
Revenue	3	1,191,596	5,203
Cost of sales		(1,031,125)	(4,152)
		160,471	1,051
Other income		24,579	5,574
Loss on disposal of available-for-sale investments		(1,025)	—
Change in fair value of conversion option embedded in convertible note		—	1,282
Change in fair value of investments held for trading		(37,928)	(40,848)
Impairment loss on goodwill		(322,221)	—
Distribution and selling expenses		(670)	—
Administrative expenses		(64,885)	(15,736)
Finance costs	4	(233,311)	(5,949)
Loss before tax		(474,990)	(54,626)
Taxation	5	5,994	—
Loss for the year	6	(468,996)	(54,626)
Loss per share - Basic	7	(HK$0.02) cents	(HK$0.52) cents

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	2008 *HK$'000*	2007 *HK$'000*
Non-current assets		
Property, plant and equipment	916,871	1,133
Deposit paid for acquisition of property, plant and equipment	3,029	—
Prepaid lease payments - non current portion	345,004	—
Goodwill	514,179	—
Intangible asset	1,546,602	—
Available-for-sale investments	—	18,912
Conversion option embedded in convertible note	—	2,631
	3,325,685	22,676
Current assets		
Inventories	482,125	378
Trade and other receivables	562,518	4,979
Prepayment for purchase of raw materials	863,043	—
Prepaid lease payment - current portion	1,701	—
Loan receivables	—	48,364
Investments held for trading	18,423	231,351
Pledged bank deposits	176,648	—
Bank balances and cash	158,155	84,796
	2,262,613	369,868
Current liabilities		
Trade, bills and other payables	1,371,331	4,952
Amounts due to customers for contract work	358,079	—
Margin loan payable	32,499	51,759
Bank overdrafts	4,521	—
Bank borrowings - due within one year	113,637	—
Provision for warranty	2,974	—
Deferred consideration	173,447	—
	2,056,488	56,711
Net current assets	206,125	313,157
	3,531,810	335,833

	2008	2007
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	33,740	17,198
Reserves	2,259,669	272,410
	2,293,409	289,608
Non-current liabilities		
Bank borrowings - due after one year	227,273	—
Convertible notes payable	421,440	46,225
Deferred tax liabilities	589,688	—
	1,238,401	46,225
	3,531,810	335,833

Notes:

1. BASIS OF PREPARATION

The functional currency of the Company was originally Hong Kong dollars ("HKD"). On 16 April 2008, the Company acquired INPAX Technology Limited and its subsidiary Jiangxi Union Shipbuilding Company Limited 江西江州聯合造船有限責任公司 ("江州聯合船廠") (collectively the "INPAX Group"), both of which have Renminbi ("RMB") as their functional currency. The directors are of the opinion that after the acquisition of INPAX Group, the primary economic environment in which the Company operates is the People's Republic of China (the "PRC"), taking into consideration that the Company's principal activity is holding of investments in subsidiaries. The directors have therefore determined that the functional currency of the Company has been changed to RMB after the acquisition of the INPAX Group.

The consolidated financial statements are presented in HKD for the convenience of the shareholders, as the Company is listed in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied the following amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new amendments and interpretations had no material effect on how the results or financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

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

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

4 Effective for annual periods ending on or after 30 June 2009

5 Effective for annual periods beginning on or after 1 July 2008

6 Effective for annual periods beginning on or after 1 October 2008

7 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2010. Hong Kong Accounting Standard 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For management purposes, the Group was originally organised into two operating divisions - metals trading and trading of securities before the acquisition of INPAX Group. A further operating division in ship building is added during the year after the acquisition. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2008

	Ship building	**Metal trading**	**Trading of securities**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross proceeds	1,190,824	772	425,660	1,617,256
Revenue	1,190,824	772	—	1,191,596
Segment result	(151,405)	(34)	(36,277)	(187,716)
Other income				10,215
Unallocated corporate expenses				(49,953)
Share-based payment expenses				(14,225)
Finance costs				(233,311)
Loss before tax				(474,990)
Taxation				5,994
Loss for the year				(468,996)

2007

	Metal trading	**Trading of securities**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Gross proceeds	5,203	133,536	138,739
Revenue	5,203	—	5,203
Segment result	399	(40,848)	(40,449)
Interest income			5,294
Gain on change in fair value of conversion option embedded in convertible note			1,282
Unallocated corporate expenses			(14,804)
Finance costs			(5,949)
Loss for the year			(54,626)

4. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on borrowings wholly repayable within five years:		
Convertible notes payable at effective interest rates	188,188	5,107
Imputed interest expense on deferred consideration	18,809	—
Bank borrowings	19,353	—
Other borrowings	6,961	842
	233,311	5,949

5. TAXATION

No provision for Hong Kong Profits Tax has been made since the Group has no assessable profits for both years.

In accordance with Article 8 of the Foreign Enterprise Income Tax ("FEIT') law of the PRC, foreign investment enterprises of production nature are eligible to enjoy two years of exemption and three years of 50% deduction in FEIT starting from the first profit - making year (the "2+3 tax holidays"). The first fully exempted financial year of 江州聯合船廠 was the year ended 31 December 2007 and 江州聯合船廠 still enjoys full exemption for the current year.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law ("Implementation Regulations"). The New Law and Implementation Regulations will change the tax rate to 25% for certain subsidiaries from 1 January 2008 onwards. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), certain tax exemption and deduction for the FEIT is still applicable until the end of the five-year transitional period under the New Law.

Under the New Law and Implementation Regulations, 江州聯合船廠 continues to enjoy the preferential tax treatment (12.5% effective tax rate, i.e. 50% of the applicable tax rate of 25%) for each of the years from 2009 to 2011. Thereafter, the tax rate will ratchet up to 25% from 2012.

6. LOSS BEFORE TAX

	2008 *HK$'000*	2007 *HK$'000*
Loss before tax has been arrived at after charging:		
Directors' emoluments	19,591	3,237
Other staff costs (including share-based payment of HK$2,416,000 (2007: Nil))	39,314	4,024
Contributions to retirement benefits scheme, excluding directors'	4,187	131
Total staff costs	63,092	7,392
Share-based payment expense (included in cost of sales)	22,842	—
Auditor's remuneration	1,150	1,260
Amortisation of intangibles assets (included in cost of sales)	115,199	—
Depreciation of property, plant and equipment	33,959	157
Release of prepaid lease payments	4,812	—
Loss on disposal of property, plant and equipment	624	—
Minimum lease payments under operating leases in respect of rented premises	1,427	1,128

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 *HK$'000*	2007 *HK$'000*
Loss		
Loss for the year attributable to equity holders of the Company	(468,996)	(54,626)

Number of shares

	2008 *'000*	2007 *'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	19,160,105	10,437,646

No diluted loss per share was presented for the year ended 31 December 2008 and 2007 because the exercise of both share options and convertible notes has an anti-dilutive effect.

8. DIVIDEND

No dividends were paid during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The performances of metal trading business and securities trading business have not been satisfactory in recent years. In order to broadening the revenue sources of the Group and in the best interest of the Company, the Group has acquired all equity interest (the "Acquisition") in Inpax Technology Limited and its wholly owned subsidiary, namely, Jiangxi Jiangzhou Union shipbuilding Company Limited (Collectively the "Inpax Group") on 16 April 2008. The Group is engaged in the production and operation of shipbuilding, metal trading and investments in securities during the year under review.

For the year ended 31 December 2008, the Group recorded a revenue of HK$1,191.6 million (2007: HK$5.2 million), representing an increase of approximately 229.2 times over the correspondent year. The dramatic increase in revenue was mainly contributed by the shipbuilding business. The Group recorded a substantial loss attributable to shareholders of HK$469.0 million (2007: loss of HK$54.6 million) for the year ended 31 December 2008. The loss was mainly results of an impairment losses recognized for goodwill in relation to the Group's investment in Inpax Group amounted to HK$322.2 million, an amortization recognized for intangible asset arising from the acquisition of Inpax Group amounting to HK$115.2 million, and an imputed interest expenses on convertible notes as consideration for the acquisition of Inpax Group amounting to HK$188.2 million.

Shipbuilding business

Based on the management accounts of Inpax Group, the revenue was HK$1,387.2 million and the operating profit before taxation was HK$243.8 million for the year ended 31 December 2008. As Inpax Group became a wholly owned subsidiary of the Company on 16 April 2008, the Group only consolidated the financial result of Inpax Group after the Acquisition. Accordingly, the shipbuilding business contributed a revenue of approximately HK$1,190.8 million and profit, before deducting impairment of goodwill and amortization of intangible asset, of approximately HK$250.2 million to the Group.

During 2008, the global economy swung from growth to recession. For shipbuilding market, it was equally a year of volatility. Before the global financial crisis occurred in September 2008, the business remained booming. The crisis resulted in, amongst other, the inability to finance commodity sales and combined with plummeting commodity prices, as well as high inventories, etc., resulted in a great deal of market activity coming to a crashing halt. Freight charge was reduced sharply. Accordingly, the ship owners are very cautious about placing new orders since the late of 2008.

The increasing cost of raw material, shortage of shipping equipment as well as raising wages of labours caused the construction costs of vessels increased significantly. Besides, the snow disaster in southern and eastern China provinces in the early of 2008 and the shortage of shipping equipment have delayed the delivery of two vessels from 2008 to early of 2009. As a result, the performance of this segment did not fully meet the expectations of the Board at the time of entering into this business.

The Group has built a strong order book prior to the occurrence of financial crisis. As at 31 December 2008, the Group has an order book of 39 vessels totalling amounted to approximately HK$8.5 billion. All of these were scheduled for delivery during 2009-2011.

Metal trading business

The metal trading business generated a revenue of approximately HK$0.77 million representing a decrease of approximately 85.2% as compared to approximately HK$5.2 million in the corresponding period of last year. For the year ended 31 December 2008, the metal trading business recorded an insignificant loss of HK$34,000 as compared to a gain of HK$399,000 in the correspondence period of last year, due to the unsatisfactory performance of the metal trading business.

Securities trading business

The volatility of stock market in 2008 continued to adversely affect the performance of the Group's securities investment business. For year ended 31 December 2008, the securities trading business recorded a loss of HK$36.28 million as compared to a loss of HK$40.9 million in the correspondence period of last year. The Group did not make further investments in the second half of 2008.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group had cash and bank balances of approximately HK$334.80 million (31 December 2007: HK$84.80 million) in which HK$176.65 million was pledged (31 December 2007: nil); unsecured short term loan of HK$32.50 million (31 December 2007: HK$51.76 million); unsecured short term bank loan and bank overdrafts of HK$118.16 million (31 December 2007: nil); long term bank borrowing of HK$227.27 million (31 December 2007: nil); long term convertible notes payable amounted to approximately HK$421.44 million (31 December 2007: HK$46.23 million) represented liabilities component of principal amount of HK$577.00 million (31 December 2007: HK$50.00 million). The gearing ratio (defined as non-current liabilities divided by total shareholders' equity) was 0.61 (31 December 2007: 0.338) at 31 December 2008.

CHARGES ON GROUP ASSETS

As at 31 December 2008, HK$176.65 million of bank deposit and HK$37.25 million of prepaid lease payments were pledged to banks for banking facilities granted by banks to the Group. (31 December 2007: nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The income and expenditure of the Group were denominated in RMB, Hong Kong Dollars, United States Dollars and EURO. As at 31 December 2008, the Group does not hedge its exposure to foreign exchange risk profile. The Boards will consider appropriate hedging measure in future as may be necessary.

NEW BUSINESS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as the Acquisition disclosed in the announcement dated 15 November 2007 and the Company's circular dated 6 February 2008, there was no new business, material acquisitions and disposals of subsidiaries and associated companies in the period under review. The details of the Acquisition are set out in the notes 35 to accounts.

POST BALANCE SHEET EVENTS

As at 31 December 2008, the Group had no significant post balance sheet events.

LITIGATION

During the year ended 31 December 2008, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Group.

HUMAN RESOURCES

The Group had around 1,200 employees as at 31 December 2008. It has been the Group's policy to ensure that the pay levels of its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group has participated in a mandatory provident fund scheme for its employees based in Hong Kong. Shares options may also be granted to eligible persons of the Group.

CONTINGENT LIABILITIES

At 31 December 2008, the Group has no material contingent liabilities.

CAPITAL COMMITTMENT

At 31 December 2008, the Group has capital expenditure of approximately HK$40,587,000 contracted but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment and approximately HK$79,418,000 authorised but not contracted for in respect of acquisition of property, plant and equipment.

PROSPECTS

Looking into the year 2009, the directors expect the global economic conditions to remain challenging. Given the recent volatilities in metal trading and securities trading, the Group has already ceased, for the time being, the operation of metal trading business and has not made further investments in securities since July 2008. The board will become more prudent and selective in choosing the investment portfolio.

The Board considers that the shipbuilding industry will continue to be impacted by the global financial crisis, a weakening world economy and credit market stress. The Group will continue to closely monitor the financial status of its customers and their financing resources.

After the occurrence of financial crisis, the costs of raw material are going down significantly from its peak in the mid of 2008, the shortage of shipping equipment is relieved and the wages of labour would become stabilized. All of these relieved the rising costs of constructing vessels. With three years order book of approximately HK$8.5 billion and no order cancellations from customers as at 31 December 2008, the Board remains confident of delivering continual growth in productivity and recording profit for 2009.

The Directors consider to adopt strategies to exit the business which is lose-making and with unpromising prospect. The Directors will continue to reinforce the Group’s financial position so that it would be fully prepared to seize suitable investment opportunities when they arise.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the year ended 31 December 2008.

CORPORATE GOVERNANCE

The Company has complied with most of the code provisions ("Code Provision") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") except for the deviation of Code Provision A.2.1. The Company had been deviated from the Code Provision A.2.1 as the roles of the Chairman and Chief Executive Officer are not separated during 2008. Mr. Chau On Ta Yuen, being the Chairman of the Board, is in charge of the overall management of the Company and he also performs the role of a Chief Executive Officer of the Company as this would allow the Company to have more effective planning and execution of business strategies. On 3 February 2009, the Board appointed Mr. Li Ming as the Chief Executive Officer of the Company and the derivation has been remedied at this report date.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

AUDIT COMMITTEE REVIEW OF ACCOUNTS

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the annual financial results of the Group for the year ended 31 December 2008.

PUBLICATION OF ANNUAL REPORT

The announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.wonsonintl.com).

BOARD OF DIRECTORS

The Board of the Company as at the date of report comprise Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long as executive directors, Mr. Hu Bai He, Ms. Xiang Siying and Mr. Zhang Xi Ping as independent non-executive directors.

By order of the Board
Chau On Ta Yuen
Chairman

Hong Kong, 27 April 2009