WILLIE INTERNATIONAL

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 2012

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 2012 (the "Year") together with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Turnover	2 & 3	**27,880**	(31,180)
Other income		**6,746**	12,417
Employee benefits expenses		**(10,188)**	(10,178)
Depreciation		**(1,279)**	(2,583)
Provision of allowance for doubtful debts, net		**(9,952)**	(23,163)
Gain on disposal of interest in a subsidiary		**4,916**	—
Impairment loss on available-for-sale financial assets		**(130,397)**	(5,808)
Loss on deemed disposal of interest in associates	8	**(12,788)**	(13,236)
Gain on early redemption of notes receivable		**3,844**	—
Net fair value loss on investments held for trading		**(41,011)**	(437,350)
Net fair value gain (loss) on investments designated as at fair value upon initial recognition		**4,878**	(16,349)
Gain arising from changes in fair value of investment properties		**2,172**	—

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Other operating expenses		**(15,351)**	(24,948)
Finance costs		**(385)**	(81)
Share of results of associates		**17,325**	(2,068)
Loss before taxation	4	**(153,590)**	(554,527)
Taxation	5	**40**	(288)
Loss for the year		**(153,550)**	(554,815)
Other comprehensive income (loss):			
Derecognition of foreign currency translation reserve due to deemed disposal of associates		**148**	—
Share of translation reserve of associates		**—**	(148)
Net fair value loss on available-for-sale financial assets		**(116,918)**	—
Reclassification to profit or loss upon impairment of available-for-sale financial assets		**116,918**	—
Other comprehensive income (loss) for the year		**148**	(148)
Total comprehensive loss for the year		**(153,402)**	(554,963)
(Loss) Profit for the year attributable to:			
Equity holders of the Company		**(153,586)**	(552,298)
Non-controlling interests		**36**	(2,517)
		(153,550)	(554,815)
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		**(153,438)**	(552,446)
Non-controlling interests		**36**	(2,517)
		(153,402)	(554,963)
			(Restated)
Loss per share			
— Basic and diluted	7	**(HK$1.71)**	(HK$14.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**10,800**	—
Property, plant and equipment		**1,235**	2,597
Interest in associates	8	**—**	567,829
Available-for-sale financial assets	9	**624,371**	104,717
Other investments		**4,580**	4,580
Deposits for acquisition of investment properties		**—**	830
Loans receivable	10	**1,614**	3,051
		642,600	683,604
Current assets			
Financial assets at fair value through profit or loss		**917,660**	711,170
Loans receivable	10	**21,163**	79,955
Other receivables		**23,191**	16,107
Cash and cash equivalents		**103,091**	335,623
		1,065,105	1,142,855
Current liabilities			
Other payables		**1,955**	3,016
Tax payable		**—**	316
Interest-bearing borrowings		**4,536**	33,311
		6,491	36,643
Net current assets		**1,058,614**	1,106,212
NET ASSETS		**1,701,214**	1,789,816
Capital and reserves			
Share capital		**1,254**	7,274
Reserves		**1,699,960**	1,785,309
Equity attributable to equity holders of the Company		**1,701,214**	1,792,583
Non-controlling interests		**—**	(2,767)
TOTAL EQUITY		**1,701,214**	1,789,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2011 consolidated financial statements except for the adoption of the new / revised Hong Kong Financial Reporting Standards ("HKFRSs") effective from the current year that are relevant to the Group which are the Amendments to HKAS 12: *Deferred Tax: Recovery of Underlying Assets* and Amendments to HKFRS 7: *Disclosures — Transfers of Financial Assets*. The adoption of these amendments does not have significant effect on these consolidated financial statements.

At the date of authorisation of these consolidated financial statements, the Hong Kong Institute of Certified Public Accountants 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 Company's consolidated financial statements.

2. 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:

	2012	2011
	HK$'000	*HK$'000*
Net gain (loss) from the sale of investments at fair value through profit or loss*	**6,319**	(54,744)
Interest income from loans and other receivables	**6,924**	17,020
Dividend income and bonus warrants from listed and unlisted investments	**5,068**	6,544
Interest income from listed and unlisted investments	**9,272**	—
Rental income	**297**	—
	27,880	(31,180)

* Represents the proceeds from the sale of investments at fair value through profit or loss of HK$327,072,000 *(2011: HK$454,088,000)* less cost of sales and carrying value of the investments sold of HK$320,753,000 *(2011: HK$508,832,000)*.

3. SEGMENT INFORMATION

The directors consider trading of investments, provision of financial services, property investment and investment holding are the Group's major operating 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 2012

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Turnover	**20,659**	**6,924**	**297**	**—**	**—**	**27,880**
Segment results	**(12,337)**	**(4,517)**	**2,317**	**(126,717)**	**(21,404)**	**(162,658)**
Gain on disposal of interest in a subsidiary	**—**	**—**	**—**	**4,916**	**—**	**4,916**
Loss on deemed disposal of interest in associates	**—**	**—**	**—**	**(12,788)**	**—**	**(12,788)**
Share of results of associates	**—**	**—**	**—**	**17,325**	**—**	**17,325**
Finance costs	**(375)**	**—**	**(10)**	**—**	**—**	**(385)**
Loss before taxation						**(153,590)**
Taxation	**—**	**—**	**—**	**40**	**—**	**40**
Loss for the year						**(153,550)**

Year ended 31 December 2011

	Trading of investments *HK$'000*	Provision of financial services *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue						
Turnover	(48,200)	9,602	—	7,418	—	(31,180)
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						(554,815)

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

(b) Segment assets and liabilities

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

At 31 December 2012

	Trading of investments	Provision of financial services	Property investment	Investment holding	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	**954,370**	**60,963**	**11,096**	**673,948**	**1,700,377**
Unallocated assets	**—**	**—**	**—**	**—**	**7,328**
Total assets					**1,707,705**
Liabilities					
Segment liabilities	**(111)**	**(60)**	**(4,620)**	**(1,609)**	**(6,400)**
Unallocated liabilities	**—**	**—**	**—**	**—**	**(91)**
Total liabilities					**(6,491)**
At 31 December 2011					
Assets					
Segment assets	822,090	83,767	830	330,843	1,237,530
Interest in associates	—	—	—	567,829	567,829
Unallocated assets	—	—	—	—	21,100
Total assets					1,826,459
Liabilities					
Segment liabilities	(33,413)	(291)	(42)	(2,159)	(35,905)
Unallocated liabilities	—	—	—	—	(738)
Total liabilities					(36,643)

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

- Segment assets include mainly all tangible assets, available-for-sale financial 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 2012

	Trading of investments	**Provision of financial services**	**Property investment**	**Investment holding**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	—	—	**8,628**	—	**114**	**8,742**
Depreciation	—	—	—	—	**1,279**	**1,279**
Interest income included in turnover and other income*	**(9,877)**	—	—	**(1,112)**	—	**(10,989)**
Provision of allowance for doubtful debts, net	—	**9,952**	—	—	—	**9,952**
Gain on early redemption of notes receivable	—	—	—	**(3,844)**	—	**(3,844)**
Impairment loss on available-for-sale financial assets	—	—	—	**130,397**	—	**130,397**
Gain arising from changes in fair value of investment properties	—	—	**(2,172)**	—	—	**(2,172)**

* Excludes interest income from loans and other receivables.

Year ended 31 December 2011

	Trading of investments	Provision of financial services	Property investment	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	—	—	830	90,806	987	92,623
Depreciation	—	—	—	—	2,583	2,583
Interest income included in turnover and other income*	(3,031)	—	—	—	(1)	(3,032)
Provision of allowance for doubtful debts, net	—	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

* Excludes interest income from loans and other receivables.

(d) Geographical information

All of the Group's trading of investments, investment holding, property investment and provision of financial services are carried out in Hong Kong for both years.

4. LOSS BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
This is stated after charging:		
Finance costs		
Interest on:		
Bank and other borrowings wholly repayable within five years	**375**	81
Bank and other borrowings wholly repayable over five years	**10**	—
	385	81

For the years ended 31 December 2012 and 2011, the interest on bank and other borrowings which contain a repayment on demand clause amounted to HK$385,000 and HK$81,000 respectively.

	2012	2011
Other items		
Employee benefits expenses (excluding directors)		
Salaries, allowances and benefits in kind	**5,859**	6,174
Contributions to defined contribution retirement scheme	**226**	234
Employees' share-based payment	**—**	243
	6,085	6,651
Auditor's remuneration	**900**	970
Operating lease payments on equipment	**81**	81
Operating lease payments on premises	**2,196**	2,229
Direct operating expenses arising from investment properties	**71**	—

5. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year. Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the year ended 31 December 2011.

	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**—**	288
Over provision in prior year	**(40)**	—
Total tax (credit) charge for the year	**(40)**	288

6. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year *(2011: nil)*.

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 2012 of HK$153,586,000 *(2011: HK$552,298,000)* and the weighted average number of 89,991,621 *(2011 (restated): 37,256,112)* ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares for both reporting periods. Accordingly, the diluted loss per share was same as the basic loss per share for both years.

The calculations of the basic and diluted loss per share for the current and prior reporting period have been adjusted as a result of the share consolidation and rights issue effected during the year.

8. INTEREST IN ASSOCIATES

	2012	2011
	HK$'000	*HK$'000*
Share of net assets	**572,514**	567,829
Reclassified to available-for-sale financial assets	**(572,514)**	—
	—	567,829

As at 31 December 2011, the Company held 24.35% equity interest in Cordoba Homes Limited ("Cordoba") and its subsidiaries ("Cordoba Group").

In mid-April 2012, Cordoba underwent a reorganisation under which each of the then shareholders of Cordoba exchanged its Cordoba shares for the same number of shares in HEC Capital Limited ("HEC"), a special purpose vehicle formed as the holding company of Cordoba. Immediately after the reorganisation, the Company's 24.35% direct equity interest in Cordoba changed to 24.35% equity interest in HEC, representing also 24.35% indirect equity interest in Cordoba. At the end of April 2012, HEC issued further shares to other investors. As a result, the Company's shareholding in HEC was diluted to 14.72% resulting in a loss of HK$12,788,000 on deemed disposal of interest in associates and since then, HEC has been reclassified as an available-for-sale financial asset of the Company.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	2012 HK$'000	2011 HK$'000
Equity securities, listed in Hong Kong, at fair value	*(a)*	**33,424**	64,505
Club membership, at cost		**13,920**	13,920
Impairment loss	*(c)*	**(1,520)**	—
		12,400	13,920
Unlisted investments, at cost	*(b)*	**594,514**	32,100
Impairment loss	*(c)*	**(15,967)**	(5,808)
		578,547	26,292
		624,371	104,717

Notes:

(a) At the end of reporting period, the Company holds 21.30% *(2011: 25.56%)* equity interest in Capital VC Limited ("Capital VC") and 15.38% *(2011: nil)* equity interest in Freeman Financial Corporation Limited ("Freeman") whose shares are listed on The Stock Exchange of Hong Kong Limited.

During the year, there was a significant decline in the market value of these listed securities. The directors consider that such a decline indicated their values have been impaired and an impairment loss of HK$116,918,000 *(2011: nil)* has been reclassified from available-for-sale financial assets revaluation reserve to the consolidated statement of comprehensive income as a reclassification adjustment.

Subsequent to the end of the reporting period, the board of directors has changed its intention of holding investment in Freeman's shares from long-term investment to hold for trading. The Company disposed of 35,000,000 ordinary shares of Freeman (representing approximately 4.76% of Freeman's issued share capital at that time) at a price of HK$0.106 each by way of a placing arrangement through the Company's securities broker to independent third-party buyer(s). The amount of net proceeds was approximately HK$3,697,000.

(b) As mentioned in note 8 to the consolidated financial statements, the Company's interest in HEC has been reclassified as an available-for-sale financial asset as a result of deemed disposal of HEC in April 2012. Because of HEC's further issuance of new shares to other investors, the Company's interest was diluted from 14.72% to 10.43% as at 31 December 2012.

The remaining balance represents the Group's interests in 21% *(2011: 21%)* of the nominal value of the issued non-voting, redeemable participating share capital of VMS Private Investment Partners VI Limited ("VMS"). This investment is not treated as an associate because the Group did not have the right to exercise significant influence over VMS.

(c) Movement in the provision for impairment loss is as follows:

	2012 HK$'000	2011 HK$'000
At beginning of reporting period	**5,808**	—
Increase in provision	**13,479**	5,808
Derecognition upon disposal of a subsidiary	**(1,800)**	—
At end of reporting period	**17,487**	5,808

10. LOANS RECEIVABLE

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

	Notes	2012 HK$'000	2011 HK$'000
Third parties	*(a)*	**35,569**	103,277
Allowance for doubtful debts	*(b)*	**(12,792)**	(20,271)
		22,777	83,006
Less: Balances due within one year included in current assets		**(21,163)**	(79,955)
Non-current portion		**1,614**	3,051
Short term loans, net of provision		**19,675**	78,724
Instalment loans		**3,102**	4,282
		22,777	83,006

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 5% to 24% per annum *(2011: from around 6% to 24% per annum)*; (ii) include balances of HK$2,447,000 *(2011: HK$4,168,000)* are past due within one year *(2011: within three months)*; (iii) include balances of HK$33,122,000 *(2011: HK$99,109,000)* which are within the respective maturity dates and (iv) include an aggregate amount of HK$19,933,000 *(2011: HK$11,572,000)* which is secured by personal guarantees and share charges of various private companies.

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

	2012	2011
	HK$'000	*HK$'000*
At beginning of reporting period	**20,271**	—
Increase in allowance	**23,944**	20,271
Reversal of allowance	**(13,992)**	—
Written off	**(17,431)**	—
At end of reporting period	**12,792**	20,271

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. HK$12,792,000 *(2011: HK$20,271,000)* in respect of two *(2011: two)* borrowers 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$22,777,000 *(2011: HK$83,006,000)* and thus no additional allowance was considered necessary.

No loans receivable was past due but not impaired for the years ended 31 December 2012 and 2011. Loans receivable that were neither past due nor impaired related to a wide range of borrowers for whom there was no history of default.

The creation and release of allowance for doubtful debts have been included in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

CHAIRMAN'S STATEMENT

DIVIDEND

The Board does not recommend the payment of a dividend for the Year *(2011: nil)*.

FINAL RESULTS

For the Year, the Group reported a positive turnover of approximately HK$28 million compared to a negative turnover of approximately HK$31 million last year. The increase in turnover was mainly attributed to the increase in net gain from the sale of investments at fair value through profit or loss by approximately HK$61 million.

The Group reported a consolidated loss attributable to shareholders of approximately HK$154 million for the Year as compared to a consolidated loss of approximately HK$552 million last year. The substantial decrease in the consolidated loss was mainly attributable to the reduction in the net fair value loss on investments held for trading by approximately HK$396 million or 91% year-on-year. Loss per share for the Year was HK$1.71 *(2011 (restated): loss per share of HK$14.82 after adjusting the share consolidation and rights issue effected during the Year).*

BUSINESS REVIEW & PROSPECTS

Business Review & Prospect

The ease of the Eurozone debt problems and the liquidity created by the monetary easing policies in the U.S. and Japan have restored certain confidence in worldwide stock markets during the second half of the Year. Hence, the loss from the Group's securities trading segment narrowed down to approximately HK$12 million as compared to a loss of approximately HK$496 million in year 2011.

For the property investment segment, the Group has generated rental income since April 2012. Thanks to the boom in the local property market, this segment reported a profit of approximately HK$2 million during the Year to reflect the fair value gain on investment properties.

The money lending business generated an interest income of approximately HK$7 million and reported a loss of approximately HK$5 million which was mainly attributable to the net provision of allowance for doubtful debts of approximately HK$10 million during the Year.

In mid-April 2012, Cordoba Homes Limited ("Cordoba") underwent a reorganisation under which each of the then shareholders of Cordoba exchanged its Cordoba shares for the same number of shares in HEC Capital Limited ("HEC"), a special purpose vehicle formed as the holding company of Cordoba. Immediately after the reorganisation, the Company's 24.35% direct equity interest in Cordoba changed to 24.35% equity interest in HEC, representing also 24.35% indirect equity interest in Cordoba. At the end of April 2012, HEC issued further shares to other investors. As a result, the Company's shareholding in HEC was diluted to 14.72% resulting in a loss of approximately HK$13 million on deemed disposal of interest in associates and since then, HEC has been reclassified as an available-for-sale financial asset of the Company. Subsequent to the deemed disposal of HEC, HEC had issued further shares to enlarge its capital base and the Group's equity interest in HEC stood at 10.43% as at the end of the Year. During the Year, the Group shared associates' profit of approximately HK$17 million mainly attributable to net gain arising from changes in fair value of investment properties of the associates.

In October 2011, the Company announced its intention to develop a strategic alliance with Freeman Financial Corporation Limited ("Freeman"), a Hong Kong listed company, by way of cross-shareholding. During the Year, the Company completed the subscription of certain shares in Freeman representing approximately 16.67% of its enlarged share capital by that time. Actions taken to develop the strategic alliance with Freeman include the sharing of stock market information, analysis, credit data and business network, the Company's undertaking to subscribe for rights shares issued by Freeman and using the securities brokerage services provided by one of its subsidiaries during the Year. However, the pace of developing the strategic alliance lasting for more than a year lags behind the Company's initial expectation while Freeman disposed of a large part of its shareholding in the Company during the Year out of its own commercial consideration. It is no longer necessary for the Company to maintain a strategic shareholding in Freeman. Consequently, the Company liquidated part of its investment in Freeman earlier in March 2013 and has reclassified the remaining shares in Freeman from investment holding segment to investment trading segment. The reduction of cross-shareholding between the Company and Freeman has not resulted in any material adverse impact to the Group's operations.

As the progress of the construction of manufacturing factory for LNG-driven heavy-duty truck and the commencement of construction and operation of LNG refueling stations did not meet the Group's expectation, the Group exited from the LNG project by disposing of the beneficial interest in a non-wholly owned subsidiary (namely, China Energy Worldwide Investment Limited) with net liabilities at a nominal consideration of HK$1 (same as the consideration paid by the Group in June 2011 to acquire that non-wholly owned subsidiary) to an independent third-party individual investor in June 2012 and the Group has become a major creditor of this ex-subsidiary. As at the end of the Year, the outstanding balance of the debt owed by this ex-subsidiary to the Group comprised a loan principal of approximately HK$8.6 million and accrued interest of approximately HK$2.2 million. The Group has initiated legal procedures against this ex-subsidiary and the guarantors for the outstanding debt due to the Group. In February 2013, the Group recovered approximately HK$4.5 million from the ex-subsidiary. After considering the chance of recovering the remaining balance and the litigation costs, the Group had written off the remaining balance of approximately HK$6 million as a bad debt at the end of the Year.

In December 2012, the Group entered into an agreement in relation to a hotel development project in the Kingdom of Bhutan. The investment in the equity capital of the project company payable by the Group is US$5 million (equivalent to approximately HK$39 million), which is financed by the net proceeds from the Company's rights issue completed in December 2012. The Group will hold one-third of the equity capital of the project company. The plan contemplated under the agreement is to simultaneously develop five small luxury resort hotels on five leisure circuit locations in Bhutan. Daily operations of the hotels will be managed by Sustainable Luxury Management (Thailand) Limited trading as "Six Senses Resorts and Spas", an internationally recognized luxury hotel brand renowned for its guest services in sustainable hospitality with a strong sense of environmental responsibility. The partners (namely, Dasho Sangay Wangchuk and Mr. Chalermchai Mahagitsiri) and the hotel operator have profound hotel development and tourism experience and knowledge that will benefit the Company and the shareholders as a whole in this exciting new business venture. In January 2013, the Group contributed the first installment of its investment for US$2.5 million (equivalent to approximately HK$19.5 million) in accordance with the agreement. Procedures for the incorporation of the project company and application for development approvals are being carried out in Bhutan.

During the Year and again in February 2013, the Hong Kong government implemented several measures to cool down the local property market so that transactions at major housing estates have shrunk. In view of these measures and the increasing risk of a local property bubble, the Group will carefully monitor and seek out other real estate investment opportunities as a way to expand the business in the investment property business segment.

After the end of the Year, the Company completed a placing of 16,728,240 new shares of the Company at the placing price of HK$1.00 per share in January 2013. As no suitable opportunity in real estate has been identified, the net proceeds of approximately HK$16 million from the placing has been fully used as the Group's general working capital. The Company granted share options carrying rights to subscribe for up to 8,364,120 new shares of the Company at the exercise price of HK$1.11 per share in January 2013 to certain eligible persons as incentives and rewards for their contribution to the Group. All of these share options were exercised in full within the same month and thereby raising additional working capital of about HK$9.28 million for the Group.

Looking forward, the Group will take a cautious and conservative approach in the evaluation of potential projects or investments. The Group will maintain its money lending business targeting at low credit risk borrowers. Meanwhile, the Group would balance the recent positive stock market sentiments against the volatility arising from the influx and outflow of "hot money" happening from time to time when maintaining its portfolio for securities trading.

FINANCIAL REVIEW

Liquidity

As at 31 December 2012, the Group had a secured bank loan of approximately HK$5 million *(2011: approximately HK$33 million)* carrying floating interest rates calculated by reference to the Hong Kong Inter-bank Offer Rate and containing a repayment on demand clause, which is repayable over five years according to the repayment schedule of the loan facility and denominated in Hong Kong 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 2012, the Group's total equity amounted to approximately HK$1,701 million *(2011: approximately HK$1,790 million)* and had net current assets of approximately HK$1,059 million including cash and cash equivalents of approximately HK$103 million *(2011: approximately HK$1,106 million including cash and cash equivalents of approximately HK$336 million).* The Group had nil *(2011: nil)* gearing ratio as computed on the basis of net borrowings to total equity and with current ratio of 164 times *(2011: 31 times)*.

Capital Resources and Reorganisation

The Company with shareholders' approval completed a capital reorganisation in August 2012 mainly for the purpose of adjusting the level of trading price of the shares of the Company to become more attractive to the general investors including the institutional investors. This capital reorganisaton involved capital reduction and share consolidation of ten reduced shares into one adjusted share (the "Capital Reorganisation") resulting in the authorised share capital of the Company being reduced from HK$20,000,000 to HK$2,000,000 divided into 200,000,000 adjusted shares of HK$0.01 each and the issued share capital of the Company was thereby reduced from HK$8,364,120.30 to HK$836,412.03 divided into 83,641,203 adjusted shares of HK$0.01 each, giving rise to a total credit of HK$7,527,708.27, which in its entirety (net of expenses) was credited to the share premium account of the Company. Immediately after the Capital Reorganisation, the authorised share capital was increased from HK$2,000,000 to HK$20,000,000 divided into 2,000,000,000 adjusted shares of HK$0.01 each by creation of additional 1,800,000,000 adjusted shares of HK$0.01 each.

On 4 September 2012, the High Court of the Hong Kong Special Administrative Region, Court of First Instance, confirmed the Company's petition for the reduction of the amount standing to the credit of the Company's share premium account to the extent of approximately HK$1,322 million for the purpose of eliminating the Company's accumulated losses up to 31 December 2010, provided that the Company undertakes to make any reversals of the impairment loss for its investment in subsidiaries and associates and/or for the amounts due from subsidiaries as recorded at 31 December 2010 to an extent up to an amount of approximately HK$709 million to be credited to a special capital reserve account so long as any debt of or claim against the Company standing at the effective date of this court order remains outstanding. Impairment loss on the investment in then associates of approximately HK$4.7 million *(2011: nil)* has been reversed during the Year, for which the same amount has been credited to the special capital reserve account. While such elimination of accumulated losses against share premium would not alter the underlying assets, liabilities, business, operations, management and financial position of the Company, it would better prepare the Company to have a capital structure that would permit the payment of dividends, as and when the Directors consider it appropriate in future.

In December 2012, the Company completed a rights issue of 41,820,601 rights shares on the basis of one rights share for every two shares held at HK$1.05 per rights share to raise net proceeds of approximately HK$42.3 million to finance the investment in hotel development project in Bhutan of approximately HK$39 million and the remaining used as general working capital of the Group. The fund was used as intended and has currently retained approximately HK$19.5 million for balance payment of capital investment in this hotel project.

PLEDGE OF ASSETS

As at 31 December 2012, the Group's financial assets at fair value through profit or loss and certain available-for-sale financial assets with an aggregate carrying amount of approximately HK$881 million *(2011: approximately HK$776 million)* were pledged to certain financial institutions and brokers to secure certain margin financing and loan facilities amounting to approximately HK$411 million *(2011: approximately HK$388 million)* granted to the Group of which none of the amount *(2011: approximately HK$33 million)* was utilised.

As at 31 December 2012, the Group's investment properties were pledged to secure a bank loan facility of approximately HK$5 million granted to the Group.

CAPITAL EXPENDITURE COMMITMENTS

As at 31 December 2012, the Group had capital expenditure commitments contracted but not provided (net of deposit paid) of approximately HK$39 million *(2011: approximately HK$112 million)*.

CONTINGENT LIABILITIES

As at 31 December 2012, the Company had provided corporate guarantees for banking facilities amounting to approximately HK$91 million *(2011: approximately HK$342 million)* and HK$5 million (2011: nil) granted to Cordoba Group and a subsidiary, which were utilised to the extent of approximately HK$89 million *(2011: approximately HK$278 million)* and HK$5 million *(2011: nil)* respectively.

EMPLOYEES

As at 31 December 2012, the Group employed 23 employees *(2011: 24 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 5 ordinary shares of HK$0.01 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK$0.595 for cancellation in order to facilitate the capital reorganisation completed in August 2012. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF FINAL RESULTS

The audit committee of the Company 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.

CORPORATE GOVERNANCE

Throughout the Year, the Company complied with all the code provisions set out in the Corporate Governance Code under Appendix 14 of the Listing Rules covering the period from 1 April 2012 and the former Code on Corporate Governance Practices covering the period before 1 April 2012.

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 dispatched to shareholders who have selected to have a printed copy and will be available on the above websites in due course.

APPRECIATION

I would like to take this opportunity to thank Mr. Gary Drew Douglas for his contribution to the Board until his resignation in September 2012 and welcome Dr. Antonio Maria Santos to the Board from August 2012.

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, 27 March 2013

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
Dr. Antonio Maria Santos