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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 2014

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 2014 (the “Year”) together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	2 & 3	567,888	45,346
Other income		1,006	1,555
Employee benefits expenses		(10,178)	(10,919)
Depreciation		(283)	(1,115)
Reversal of allowance for doubtful debts, net		990	7,488
Gain arising from changes in fair value of investment properties		550	300
Gain arising from acquisition of interest in associates		213,473	—
Loss on changes in shareholding in associates		(21,247)	—
Gain on derecognition of available-for-sale financial assets		1,577	—
Loss on disposal of available-for-sale financial assets		—	(3,750)
Net fair value gain on investments held for trading		149,778	72,798
Net fair value loss on investments designated as at fair value upon initial recognition		(1,925)	(4,453)
Other operating expenses		(25,454)	(24,159)

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Finance costs		(742)	(212)
Share of results of associates		(121,231)	(443)
Share of results of a joint venture		<u>(10,056)</u>	<u>—</u>
Profit before taxation	4	744,146	82,436
Taxation	5	<u>(16)</u>	<u>(43)</u>
Profit for the year		744,130	82,393
Other comprehensive income (loss):			
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>			
Net fair value gain on available-for-sale financial assets		14,453	4,844
Share of other comprehensive loss of associates		(2,941)	(2,585)
Share of other comprehensive loss of a joint venture		<u>(1,354)</u>	<u>—</u>
Other comprehensive income for the year		<u>10,158</u>	<u>2,259</u>
Total comprehensive income for the year attributable to equity holders of the Company		<u>754,288</u>	<u>84,652</u>
		HK cents	<i>(Adjusted)</i> HK cents
Earnings per share			
— Basic and diluted	7	<u>5.27</u>	<u>0.59</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Investment properties		11,650	11,100
Property, plant and equipment		657	419
Interest in associates	8	995,771	35,785
Interest in a joint venture	9	559,945	—
Available-for-sale financial assets	10	21,169	590,947
Other investments		4,580	4,580
Deposit paid for acquisition of investment properties		<u>2,400</u>	<u>—</u>
		<u>1,596,172</u>	<u>642,831</u>
Current assets			
Available-for-sale financial assets	10	28,126	13,673
Financial assets at fair value through profit or loss		470,599	988,198
Loans receivable	11	320,373	120,219
Other receivables		2,594	2,945
Bank balances and cash		<u>176,321</u>	<u>50,470</u>
		998,013	1,175,505
Non-current assets classified as held for sale		<u>4,996</u>	<u>—</u>
		<u>1,003,009</u>	<u>1,175,505</u>
Current liabilities			
Other payables		9,337	2,617
Interest-bearing borrowing		<u>4,183</u>	<u>4,362</u>
		<u>13,520</u>	<u>6,979</u>
Net current assets		<u>989,489</u>	<u>1,168,526</u>
Total assets less current liabilities		<u>2,585,661</u>	<u>1,811,357</u>
Non-current liabilities			
Unsecured bonds	12	20,000	—
Deferred tax liabilities		<u>59</u>	<u>43</u>
		<u>20,059</u>	<u>43</u>
NET ASSETS		<u>2,565,602</u>	<u>1,811,314</u>
Capital and reserves			
Share capital		2,400,372	1,505
Reserves		<u>165,230</u>	<u>1,809,809</u>
TOTAL EQUITY		<u>2,565,602</u>	<u>1,811,314</u>

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 2013 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 32: *Presentation — Offsetting Financial Assets and Financial Liabilities* and Amendments to HKAS 36: *Recoverable Amount Disclosures for Non-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 do not anticipate that the adoption of these new / revised HKFRSs in the future periods will have material impact on the results of the Group.

2. TURNOVER

Turnover recognised from the principal activities of the Group during the year including trading of investments, provision of financial services, property investment and investment holding is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net gain from the sale of investments at fair value through profit or loss*	520,005	17,322
Dividend income from investments	29,058	11,567
Interest income from investments	5,844	7,411
Interest income from loans and other receivables	12,551	8,624
Rental income	<u>430</u>	<u>422</u>
	<u>567,888</u>	<u>45,346</u>

* Represented the proceeds from the sale of investments at fair value through profit or loss of HK\$1,592,434,000 (2013: HK\$287,620,000) less cost of sales and carrying value of the investments sold of HK\$1,072,429,000 (2013: HK\$270,298,000).

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 2014

	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	<u>554,907</u>	<u>12,551</u>	<u>430</u>	<u>—</u>	<u>—</u>	<u>567,888</u>
Profit (loss) for the year before following items	674,348	12,131	756	16,401	(21,264)	682,372
Loss on changes in shareholding in associates	—	—	—	(21,247)	—	(21,247)
Gain on derecognition of available-for-sale financial assets	—	—	—	1,577	—	1,577
Gain arising from acquisition of interest in associates	—	—	—	213,473	—	213,473
Finance costs	(244)	—	(116)	(382)	—	(742)
Share of results of associates	—	—	—	(121,231)	—	(121,231)
Share of results of a joint venture	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,056)</u>	<u>—</u>	<u>(10,056)</u>
Profit (loss) before taxation	674,104	12,131	640	78,535	(21,264)	774,146
Taxation	<u>—</u>	<u>—</u>	<u>(16)</u>	<u>—</u>	<u>—</u>	<u>(16)</u>
Segment results	<u>674,104</u>	<u>12,131</u>	<u>624</u>	<u>78,535</u>	<u>(21,264)</u>	<u>744,130</u>

Year ended 31 December 2013

	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	<u>36,300</u>	<u>8,624</u>	<u>422</u>	<u>—</u>	<u>—</u>	<u>45,346</u>
Profit (loss) for the year before following items	89,235	14,834	555	8,370	(26,153)	86,841
Loss on disposal of available-for-sale financial assets	—	—	—	(3,750)	—	(3,750)
Finance costs	(91)	—	(121)	—	—	(212)
Share of results of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>(443)</u>	<u>—</u>	<u>(443)</u>
Profit (loss) before taxation	89,144	14,834	434	4,177	(26,153)	82,436
Taxation	<u>—</u>	<u>—</u>	<u>(43)</u>	<u>—</u>	<u>—</u>	<u>(43)</u>
Segment results	<u>89,144</u>	<u>14,834</u>	<u>391</u>	<u>4,177</u>	<u>(26,153)</u>	<u>82,393</u>

Segment revenue reported above represents revenue generated from external customers. There was 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 2014

	Trading of investments	Provision of financial services	Property investment	Investment holding	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets					
Segment assets	532,137	455,836	14,277	34,195	1,036,445
Interest in associates	—	—	—	995,771	995,771
Interest in a joint venture	—	—	—	559,945	559,945
Unallocated assets					<u>7,020</u>
Total assets					<u><u>2,599,181</u></u>
Liabilities					
Segment liabilities	(88)	(115)	(4,326)	(22,327)	(26,856)
Unallocated liabilities					<u>(6,723)</u>
Total liabilities					<u><u>(33,579)</u></u>

At 31 December 2013

	Trading of investments	Provision of financial services	Property investment	Investment holding	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets					
Segment assets	1,012,670	135,349	11,383	619,598	1,779,000
Interest in associates	—	—	—	35,785	35,785
Unallocated assets					<u>3,551</u>
Total assets					<u><u>1,818,336</u></u>
Liabilities					
Segment liabilities	(93)	(60)	(4,489)	(647)	(5,289)
Unallocated liabilities					<u>(1,733)</u>
Total liabilities					<u><u>(7,022)</u></u>

4. PROFIT BEFORE TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
This is stated after charging:		
Finance costs		
Interest on:		
Bank and other borrowings wholly repayable within five years	245	91
Bank and other borrowings wholly repayable over five years	<u>497</u>	<u>121</u>
	<u>742</u>	<u>212</u>
Other items		
Employee benefits expenses (excluding directors' emoluments)		
Salaries, allowances and benefits in kind	4,997	5,579
Contributions to defined contribution retirement scheme	214	143
Employees' share-based payment	<u>—</u>	<u>354</u>
	<u>5,211</u>	<u>6,076</u>
Auditor's remuneration	2,000	820
Operating lease payments on equipment	99	85
Operating lease payments on premises	4,902	2,157
Direct operating expenses arising from investment properties	<u>104</u>	<u>88</u>

5. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years. In 2013, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Deferred taxation		
Origination of temporary differences	<u>16</u>	<u>43</u>
Total tax expenses for the year	<u>16</u>	<u>43</u>

6. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year (2013: nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit attributable to equity holders of the Company for the year of 2014 of HK\$744,130,000 (2013: HK\$82,393,000) and the weighted average number of 14,114,452,875 (2013 (adjusted): 14,058,596,594) ordinary shares in issue during the year. The basic earnings per share amounts for 2013 have been adjusted to reflect the share subdivisions and issue of bonus shares during the year.

The Company had no dilutive potential ordinary shares in 2014. In 2013, there was an anti-dilutive effect after adjusting for the effect of all dilutive potential ordinary shares. Accordingly, the diluted earnings per share was same as the basic earnings per share for both years.

8. INTEREST IN ASSOCIATES

	2014 HK\$'000	2013 HK\$'000
Share of net assets	995,771	16,392
Deposits for subscription of shares in associates	<u>—</u>	<u>19,393</u>
	<u>995,771</u>	<u>35,785</u>

Notes:

- (a) As at 31 December 2013, interest in an associate represents the Group's interest in 33.33% of the issued ordinary share capital of Bhutan Ventures Hospitality Private Limited ("BVHP"). During the year, the Group made a payment of US\$1,660,000 (equivalent to HK\$12,932,000) to BVHP as additional capital contribution and the Group's interest in BVHP remained unchanged thereafter.
- (b) In May 2014, the Group signed an agreement to acquire 28.3% equity interest in Freeman Corporation Limited ("FCL") and its subsidiaries (together "FCL Group"), at an aggregate cash consideration of HK\$879,000,000. The acquisition was completed in September 2014.

A gain of HK\$213,473,000 has been recognised in profit or loss as the Group's share of the net fair value of the identifiable assets and liabilities of FCL Group exceeded the cost of investment at the date of completion of the acquisition.

After the Group's completion of acquisition of equity interest in FCL, FCL issued certain new shares to other investors. Eventually, the Group's 28.3% equity interest in FCL Group was diluted to 25.7% of the enlarged issued share capital of FCL as at 31 December 2014, resulting in a loss of HK\$21,247,000 on changes in shareholding in associates.

9. INTEREST IN A JOINT VENTURE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Unlisted shares		
Share of net assets	<u>559,945</u>	<u>—</u>

As mentioned in note 10 below, upon completion of the JV Contribution (as hereinafter defined), the Group held 92,687,861 shares, representing 34.7% equity interest in Freewill Holdings Limited (“Freewill”), a company incorporated in the Republic of the Marshall Islands with limited liability and operates principally in Hong Kong which has been classified as interest in a joint venture as Freewill is an entity in which the Group has a long term equity interest and of which the Group shares control with another party when certain important decisions of Freewill, under contractual arrangement, require unanimous consent of the parties sharing control. The purpose of Freewill’s business is to hold shares in HEC Capital Limited (“HEC”) for investment holding purpose. The joint venture is accounted for using equity method in the consolidated financial statements.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Equity securities, listed in Hong Kong, at fair value	<i>(a)</i>	<u>28,126</u>	<u>13,673</u>
Unlisted investments, at cost	<i>(b)</i>	22,000	594,514
Impairment loss	<i>(c)</i>	<u>(13,231)</u>	<u>(15,967)</u>
		<u>8,769</u>	<u>578,547</u>
Club membership, at cost		13,920	13,920
Impairment loss	<i>(c)</i>	<u>(1,520)</u>	<u>(1,520)</u>
		<u>12,400</u>	<u>12,400</u>
		<u>49,295</u>	<u>604,620</u>
Analysed as:			
Non-current		21,169	590,947
Current		<u>28,126</u>	<u>13,673</u>
		<u>49,295</u>	<u>604,620</u>

Notes:

- (a) The amounts represent the Company's interest in a company whose shares are listed on the mainboard of the Stock Exchange. The board of directors decided to dispose of this investment within the following twelve months; therefore, the investments were classified as current assets. During the year, a fair value gain of HK\$14,453,000 (2013: HK\$4,844,000) in respect of these shares held by the Company was recognised in the reserves.
- (b) As at 31 December 2013, the Company held 10.38% equity interest in HEC amounting to HK\$572,514,000 (before impairment loss).

In June 2014, the Group executed a joint venture agreement with a joint venture partner, pursuant to which the Group and the joint venture partner agreed to contribute all of their HEC shares in exchange for the same respective ordinary shares of a joint venture company, Freewill, a special purpose vehicle formed to hold those HEC shares ("JV Contribution"). Upon completion of the JV Contribution in late June 2014, the Company's equity interest in HEC (i.e. 92,687,861 HEC shares representing approximately 10.38% of HEC's issued share capital as at 31 December 2013 which was reduced to approximately 9.96% immediately before the completion of the JV Contribution) was exchanged into 34.7% equity interest in Freewill, resulting in a gain on derecognition of the Group's investment in HEC of HK\$1,577,000 recognised in profit or loss. The Group's equity interest in Freewill has been classified as interest in a joint venture as mentioned in note 9 above.

The remaining balance represents the Group's interests in 21% (2013: 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:

	2014	2013
	HK\$'000	HK\$'000
At beginning of reporting period	17,487	17,487
Written off upon derecognition	<u>(2,736)</u>	<u>—</u>
At end of reporting period	<u>14,751</u>	<u>17,487</u>

11. LOANS RECEIVABLE

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

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Third parties	<i>(a)</i>	324,687	125,523
Allowance for doubtful debts	<i>(b)</i>	<u>(4,314)</u>	<u>(5,304)</u>
		<u>320,373</u>	<u>120,219</u>
Short term loans, net of allowance		320,070	116,053
Instalment loans, net of allowance		<u>303</u>	<u>4,166</u>
		<u>320,373</u>	<u>120,219</u>

Notes:

- (a) At the end of the reporting period, loans receivable (i) are unsecured; (ii) carry variable and fixed interest rates and have effective interest rates ranging from around 5% to 24% per annum (2013: from around 5% to 24% per annum); (iii) include balances of HK\$4,310,000 (2013: HK\$3,616,000) which are past due more than one year (2013: within one year); and (iv) include balances of HK\$320,377,000 (2013: HK\$121,907,000) which are within the respective maturity dates.
- (b) Movement in the allowance for doubtful debts is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At beginning of reporting period	5,304	12,792
Increase in allowance	390	3,616
Reversal of allowance	<u>(1,380)</u>	<u>(11,104)</u>
At end of reporting period	<u>4,314</u>	<u>5,304</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. HK\$4,314,000 (2013: HK\$5,304,000) in respect of two (2013: 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\$320,373,000 (2013: HK\$120,219,000) and thus no additional allowance was considered necessary.

No loans receivable was past due but not impaired as at 31 December 2014 and 2013. Loans receivable that were neither past due nor impaired related to a wide range of borrowers for whom there was no history of default.

12. UNSECURED BONDS

In May 2014, the Company issued an unsecured bond with the principal amount of HK\$10,000,000 to an independent third party called Mr. Xu Yong with interest bearing at 5% per annum payable annually in arrears for the Group's general working capital. The bond is repayable in May 2021.

In November 2014, the Company issued an unsecured bond with the principal amount of HK\$10,000,000 to an independent third party called Ms. Sun Dan with interest bearing at 5% per annum payable annually in arrears for the Group's general working capital. The bond is repayable in November 2021.

13. EVENTS AFTER THE REPORTING PERIOD

(a) In December 2014, the Group entered into a sale and purchase agreement with an independent third party, for the acquisition of an investment property located in Hong Kong at an aggregate cash consideration of HK\$24,000,000. The acquisition was completed in January 2015.

In February 2015, the Group entered into a sale and purchase agreement with an independent third party, for the acquisition of an investment property located in Hong Kong at an aggregate cash consideration of HK\$25,500,000. The acquisition is expected to be completed in April 2015.

(b) In March 2015, the Company entered into a subscription agreement with a corporate investor pursuant to which the Company has conditionally agreed to subscribe for 1,500,000,000 shares of the corporate investor, representing approximately 18.94% of the enlarged issued share capital of the corporate investor, for a total consideration of HK\$150,000,000 and the Company shall allot and issue 1,250,000,000 shares, representing approximately 8.14% of the enlarged issued share capital of the Company for an aggregate consideration of HK\$150,000,000. These two transactions have not yet been completed at the date of this report.

CHAIRMAN'S STATEMENT

DIVIDEND

The Board does not recommend the payment of a dividend for the Year (2013: *nil*).

FINAL RESULTS

During the Year, the Group reported a turnover of approximately HK\$568 million compared with a turnover of approximately HK\$45 million for the corresponding period in 2013. The increase in turnover was mainly attributable to the increase in net realised gain from sale of investments at fair value through profit or loss by approximately HK\$503 million and the increase in dividend income from investments by HK\$17 million.

The Group reported a profit of approximately HK\$744 million attributable to shareholders for the Year (2013: *profit of approximately HK\$82 million*). The rise in profitability in the Year was primarily attributable to the higher amount of realized and fair value gains (approximately HK\$668 million in 2014 vs. approximately HK\$86 million in 2013) on financial assets held by the Group for investment trading purpose plus fair value gains (approximately HK\$63 million in 2014 vs. loss of approximately HK\$0.4 million in 2013) on the Group's long-term investments. The amount of earnings per share for the Year was approximately HK5.27 cents (2013: *HK0.59 cents (adjusted)*).

BUSINESS REVIEW & PROSPECTS

Business Review & Prospect

The local stock market in the year 2014 experienced a pick-up of a number of small-cap stocks outperforming Hang Seng Index, which rose only 1.3% year-on-year. Having capitalized on the opportunities amid these stock market conditions, the Group managed to achieve impressive performance in its securities trading segment by realizing a net gain from sale of investments of almost HK\$520 million and a net fair value gain on investments held for trading of approximately HK\$119 million together with dividend and interest income from investments amounting to approximately HK\$35 million, resulting in a profit to the securities trading segment of approximately HK\$674 million (2013: *approximately HK\$89 million*).

For the property investment segment, the Group has generated a stable rental income of approximately HK\$0.40 million (2013: *approximately HK\$0.40 million*). This segment reported a profit from net fair value gain on investment properties of approximately HK\$0.55 million (2013: *approximately HK\$0.30 million*).

During the Year, the Group expanded its portfolio of loans targeted at low credit risk borrowers. The money lending business generated an interest income of approximately HK\$13 million (2013: approximately HK\$9 million). The performance of loans receivable warranted a reversal of allowance for doubtful debt for approximately HK\$1 million (2013: approximately HK\$7 million) resulted in a profit (after expenses) of approximately HK\$12 million during the Year (2013: approximately HK\$15 million).

For the investment holding segment, the Company has taken concrete steps to develop the strategic alliance with Freeman Financial Corporation Limited (“Freeman”, stock code: 279). In June 2014, the Group through a wholly-owned subsidiary of the Company formed a joint venture company called Freewill Holdings Limited with Freeman Financial Services Limited (a subsidiary of Freeman) to jointly hold both parties’ investments in HEC Capital Limited (“HEC”) aiming at exercising more influence on HEC’s financial and operational policies with the combined shareholding in HEC (currently representing about 29% of HEC’s issued share capital). In September 2014, the Group through another wholly-owned subsidiary acquired an equity stake in Freeman Corporation Limited (“FCL”, a subsidiary of Freeman) with an aim to participate in its development of business in the provision of financial services and securities trading. Since then, FCL has become an associate of the Company. After taking these steps, the investment holding segment recorded a net gain of approximately HK\$79 million for the Year (2013: approximately HK\$4 million).

After reaching contracts with various consultants, engineers, suppliers and service providers, construction work for the hotel development project in the Kingdom of Bhutan commenced during the Year, ahead of the initial schedule date in year 2015. This hotel development project is owned by the project company called “Bhutan Ventures Hospitality Private Limited”, of which the Group holds one-third of the equity capital. According to the construction cost consultant, the estimated sum of costs of construction would be higher than the initial estimate by around US\$5 million. The shareholders of the project company have financed the additional cost by making additional equity capital contribution during the Year. The Group so far has injected a sum of investment for approximately US\$6.67 million (equivalent to approximately HK\$52 million) into the project company. Apart from equity capital, the project company is processing the documentation to procure a long-term project loan for US\$30 million (equivalent to approximately HK\$234 million) from a bank without shareholders’ guarantee to finance the construction costs. With the active participation of our Bhutan partner (namely, Dasho Sangay Wangchuk) and the

renowned hotel operator (namely, Sustainable Luxury Management (Thailand) Limited trading as “Six Senses Resorts and Spas”) in this hotel development project, the Board believes that the construction work and the bank loan being procured by the project company can go ahead in full swing in the coming year.

With shareholders’ approval, the Company implemented a subdivision of each issued share into five subdivided shares effective in March 2014 and another subdivision of each issued share into ten subdivided shares effective in December 2014. The reduction in the market value per board lot of shares in the Company as a result of the share subdivisions has improved the trading liquidity of the shares in the Company, apart from enabling the Company to broaden its shareholders’ base. Having considered the impressive financial performance of the Group during the Year and in recognition of the continual support of the shareholders, the Company issued bonus shares in September 2014 on the basis of one bonus share for every four shares and issued another round of bonus shares in December 2014 on the basis of one bonus share for every two shares. These share subdivisions and bonus issues increased the number of issued shares in the Company from 150,554,164 shares to 14,114,452,875 shares during the Year, represented by the Company’s paid-up share capital currently standing at approximately HK\$2,400 million.

Taking advantage of the Group’s low gearing ratio and credit-worthiness, the Company has attempted to raise long-term debt finance to strengthen the Group’s working capital. During the Year, the Company successfully issued two unsecured bonds with principal amount of HK\$10 million each to two independent third party investors separately. The bonds would last for 7 years and would accrue interest at 5% per annum payable to the investors.

Given the prospect of interest rate rises in the United States coming along with big quantitative easing programs rolling out in the Eurozone and Asia Pacific, uncertainties and volatility in the worldwide stock markets are expected to resurface. Under such macroeconomic environment, the Board envisages challenges as well as opportunities in managing the Group’s investments in the coming year.

In view of the persistent rising trend of property prices due to the limited land supply in Hong Kong, the Group has recently strengthened its portfolio of properties by acquiring one more property in January 2015 amounting to HK\$24 million and will complete acquisition of one more property in April 2015 amounting to HK\$25.5 million. To pave way for the Company to develop future business opportunities jointly with business partners, the Company signed a subscription agreement with Mission Capital Holdings Limited (stock code: 1141) to issue and hold shares of each other amounting to HK\$150 million and pending completion. Save as disclosed above, there has been no important event affecting the Company and its subsidiaries since the end of the Year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2014, the Group had a secured bank loan of approximately HK\$4 million (*2013: approximately HK\$4 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 and a transaction in Euro being hedged by a back-to-back transaction, the Group's exposure to foreign exchange rate was minimal. The Group did not have any financial instruments used for hedging purpose.

During the Year, the Company successfully raised long-term debt finance by issuing two bonds. The Company issued two unsecured bonds in the principal amount of HK\$10 million each, one in May 2014 and the other in November 2014, to two independent third-party investors separately. The bonds would last for 7 years and would accrue interest at 5% per annum payable to the investors.

As at 31 December 2014, the Group's total equity amounted to approximately HK\$2,566 million, an increase of 42 % as compared with approximately HK\$1,811 million as at 31 December 2013. The Group had net current assets of approximately HK\$989 million including bank balances and cash of approximately HK\$176 million as compared to approximately HK\$1,169 million including bank balances and cash of approximately HK\$50 million as at 31 December 2013. As at 31 December 2014, a bank loan of approximately HK\$4 million (*at 31 December 2013: approximately HK\$4 million*) carrying floating interest rates by reference to the Hong Kong Inter-bank Offer Rate and containing a repayment on demand clause. The Group continued to maintain nil gearing ratio as computed on the basis of net borrowings to total equity and with a current ratio of 74 times (*at 31 December 2013: 168 times*).

Pursuant to a subscription agreement dated 17 March 2015, the Company agreed to allot and issue 1,250,000,000 new shares to Mission Capital Holdings Limited under the existing general mandate for a total consideration of HK\$150 million, which is intended to finance the Company's proposed subscription for 1,500,000,000 new shares to be issued by Mission Capital Holdings Limited. These transactions contemplated under the subscription agreement have not yet been completed.

PLEDGE OF ASSETS

As at 31 December 2014, the Group's financial assets at fair value through profit or loss and certain available-for-sale financial assets (2013: *financial assets at fair value through profit or loss, bank balances and certain available-for-sale financial assets*) with an aggregate carrying amount of approximately HK\$384 million (2013: *approximately HK\$1,011 million*) were pledged to certain financial institutions and securities brokers to secure certain margin financing and loan facilities amounted to approximately HK\$166 million (2013: *approximately HK\$483 million*) granted to the Group of which none of the amount (2013: *none*) was utilised at the end of the Year.

As at 31 December 2014, the Group's investment properties were pledged to secure a bank loan facility of approximately HK\$5 million (2013: *HK\$5 million*).

CAPITAL EXPENDITURE COMMITMENTS

As at 31 December 2014, the Group had capital expenditure commitments contracted but not provided for amounting to approximately HK\$65 million (2013: *approximately HK\$13,000*).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had provided corporate guarantee for banking facilities amounting to approximately HK\$14 million (2013: *approximately HK\$14 million*) granted to an ex-subsiary, which was utilised to the extent of approximately HK\$14 million (2013: *approximately HK\$14 million*).

EMPLOYEES

As at 31 December 2014, the Group employed 23 (2013: 20) 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, 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 with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financing reporting matters including a review of the audited consolidated results of the Group for the Year.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the Year. In this connection, the Board considers that one out of the then four Independent Non-executive Directors of the Company being unable to attend the extraordinary general meeting of the Company held on 12 March 2014 and the annual general meeting of the Company held on 30 May 2014 due to his sickness would not constitute a deviation from the code provision A.6.7 in the Corporate Governance Code as there was already a majority of Independent Non-executive Directors present at the meeting to ensure a balanced understanding of the views of shareholders. In May 2014, the shareholders of the Company approved the amendment of the Company’s articles of association so as to be in line with provisions under the new Companies Ordinance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Following specific enquiry by the Company, all directors confirmed that they have complied with 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 2014 annual report of the Company will be despatched to the shareholders of the Company who have selected to have a printed copy and available on the above websites in due course.

APPRECIATION

I would like to take this opportunity to thank Mr. Wen Louis for his contributions to the Board until his resignation by the end of August 2014; and to appreciate Mr. Wong Ying Seung Asiong's contributions to the Group by continuing his service in the capacity as an employee of the Group after his resignation from the Board in mid-October 2014.

I would like to express its sincere gratitude to our business partners, employees, and shareholders for their continuous support.

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

Hong Kong, 30 March 2015

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

Executive Directors:

Dr. Chuang Yueheng, Henry
Mr. Cheung Wing Ping
Ms. Cheung Ka Yee
Mr. Man Wai Chuen

Independent Non-executive Directors:

Mr. Yau Yan Ming, Raymond
Mr. Frank H. Miu
Dr. Antonio Maria Santos