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 2010

RESULTS

The Board of Directors (the "Board") of Willie International Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 (the "Year") together with the comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	3&4	**55,698**	94,451
Other income		**39,822**	19,412
Depreciation and amortisation expense		**(29,861)**	(24,868)
Reversal of allowance for doubtful debts, net		**15,601**	54,043
Employee benefits expense		**(10,533)**	(10,141)
Other operating expenses		**(39,166)**	(23,868)
Net losses on disposal of interest in subsidiaries	10	**(47,579)**	(26,588)
Net fair value losses on investments held for trading		**(107,899)**	(51,563)
Net fair value gains on investments designated as at fair value upon initial recognition		**1,471**	89,697
Loss on deemed disposal of interest in associates	11	**(18,971)**	—
Loss on deemed disposal of interest in jointly controlled entities		**—**	(734)
Share of results of associates		**(84,940)**	(1,484)
Share of results of jointly controlled entities		**—**	5,662

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Net gains arising from changes in fair value of investment properties		**43,681**	19,227
Finance costs		**(10,018)**	(9,961)
(Loss) Profit before taxation	5	**(192,694)**	133,285
Taxation	6	**(2,905)**	(3,940)
(Loss) Profit for the year		**(195,599)**	129,345
Other comprehensive income (loss):			
Exchange differences on translation of foreign operation		**—**	(4)
Translation reserve realised upon disposal of a subsidiary		**794**	—
Total comprehensive (loss) income for the year		**(194,805)**	129,341
(Loss) Profit for the year attributable to:			
Equity holders of the Company		**(169,285)**	129,345
Non-controlling interests		**(26,314)**	—
		(195,599)	129,345
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		**(168,849)**	129,341
Non-controlling interests		**(25,956)**	—
		(194,805)	129,341
			(Restated)
(Loss) Earnings per share			
— Basic and Diluted	7	**(HK$0.84)**	HK$1.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	**At 31 December 2010 HK$'000**	At 31 December 2009 HK$'000 (Restated)	At 1 January 2009 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	8	**—**	638,773	609,814
Property, plant and equipment		**5,343**	224,805	194,961
Intangible assets		**—**	—	131,879
Other investments		**—**	146,430	123,521
Interest in associates		**583,281**	183,459	—
Available-for-sale financial assets		**26,020**	27,061	—
Prepayments for acquisition of investment properties		**—**	—	5,304
Loans receivable	9	**4,000**	13,849	15,720
		618,644	1,234,377	1,081,199
Current assets				
Financial assets at fair value through profit or loss		**677,842**	886,347	369,232
Loans receivable	9	**198,280**	133,605	234,238
Other receivables		**179,887**	416,223	44,396
Cash and cash equivalents		**317,478**	196,419	167,057
		1,373,487	1,632,594	814,923
Current liabilities				
Financial liabilities at fair value through profit or loss		**—**	—	12,270
Other payables		**3,467**	11,496	23,242
Tax payable		**28**	688	1,237
Interest-bearing borrowings		**—**	295,369	293,421
		3,495	307,553	330,170
Net current assets		**1,369,992**	1,325,041	484,753
Total assets less current liabilities		**1,988,636**	2,559,418	1,565,952
Non-current liabilities				
Deferred tax liabilities		**—**	29,398	25,439
NET ASSETS		**1,988,636**	2,530,020	1,540,513

	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000 (Restated)	At 1 January 2009 HK$'000 (Restated)
CAPITAL AND RESERVES			
Share capital	**148,035**	59,745	38,996
Reserves	**1,840,601**	1,868,567	1,501,517
Equity attributable to equity holders of the Company	**1,988,636**	1,928,312	1,540,513
Non-controlling interests	**—**	601,708	—
TOTAL EQUITY	**1,988,636**	2,530,020	1,540,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2009 consolidated financial statements except for the adoption of the following new / revised HKFRSs effective from the current year that are relevant to the Group. A summary of the principal accounting policies adopted by the Group is set out below.

HKFRS 3 (Revised): *Business Combinations* / Improvements to HKFRSs 2009 with amendments to HKFRS 3 (Revised)

The revised standard introduced a number of major changes including the following:

- acquisition-related transaction costs, other than share and debt issue costs, to be expensed as incurred;
- existing interest in the acquiree to be remeasured at fair value, with the gain or loss recognised in profit or loss, upon subsequent changes in ownership interests;
- non-controlling interests in the acquiree to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree;

- contingent consideration to be recognised at fair value at the acquisition date; and
- goodwill to be measured at the excess of the aggregate of the acquisition-date fair value of the acquirer's interest in the acquiree and the amount of any non-controlling interests over the net of the acquisition-date amounts of identifiable assets acquired and liabilities assumed from the acquisition.

The Improvements to HKFRSs 2009 contains amendments to clarify the measurement of the fair value of an intangible asset acquired in a business combination and to permit the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

The Group amended its accounting policies in relation to business combinations in order to bring them in line with the requirements under HKFRS 3 (Revised). In accordance with the relevant transitional provisions in HKFRS 3 (Revised), the Group has applied these new policies prospectively to business combinations for which the acquisition date is on or after 1 January 2010. These changes in accounting policies did not have material impact on the consolidated financial statements for the year.

HKAS 27 (Revised): *Consolidated and Separate Financial Statements*

The revised standard requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss. This principle is also extended to a disposal of an associate through the consequential amendments to HKAS 28: *Investments in Associates*. The changes in accounting policies did not have material impact on the consolidated financial statements for the year.

Amendments to HKAS 17: *Classification of leases of land and buildings* included in Improvements to HKFRSs 2009

The amendments remove the specific guidance regarding classification of leases of land so that, following the amendments, leases of land are classified as either "finance" or "operating" using the general principles of HKAS 17. The Group has made a reassessment of the existing land lease arrangements and concluded that such arrangements have not substantially transferred all risks and rewards incidental to ownership of the leased land to the Group and at the end of the lease terms will not be passed to the Group. As a result, the leases of land continue to be classified as "operating" and the adoption of the amendments did not have any significant impact on the Group.

Amendments to HK — Int 4: *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

HK — Int 4 was revised as a result of the amendments to HKAS 17: *Leases* which provides that entities should use judgement to decide whether the land lease transfers the significant risks and rewards of ownership of the land for the purpose of classifying the lease as an operating lease or a finance lease. Its scope is expanded to cover all land leases of property accounted for in accordance with HKAS 16: *Property, Plant and Equipment*, HKAS 17: *Leases* and HKAS 40: *Investment Property*.

HK — Int 5: *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation concludes that, if a term loan (i.e. a loan that is repayable on a specified date or in installments over a specified period, usually in excess of one year) has a demand clause (i.e. a clause that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion) in its term, the loan shall be classified by the borrower as a current liability in the statement of financial position. Similarly, the amounts repayable under such a term loan shall be classified in the earliest time bracket in the contractual maturity analysis as required to be disclosed under HKFRS 7: *Financial Instruments: Disclosures*. The adoption of this Interpretation has resulted in the Group reclassifying interest-bearing borrowings amounting to HK$268,063,000 and HK$269,037,000 as at 31 December 2009 and 1 January 2009, respectively, from non-current liabilities to current liabilities and making necessary changes to the relevant disclosures accordingly.

2. FUTURE CHANGES IN HKFRS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new / revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted. The directors are in the process of assessing the possible impact on the future adoption of these new / revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

Amendments to HKAS 32	*Classification of Rights Issues*[1]
Amendments to HKFRS 1 (Revised)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HK(IFRIC) — Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
Amendments to HK(IFRIC) — Int 14	*Prepayments of a Minimum Funding Requirement*[3]
Improvements to HKFRSs 2010	*Improvements to HKFRSs 2010*[4]
Amendments to HKFRS 7	*Disclosures — Transfer of Financial Assets*[5]
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets*[6]
HKFRS 9	*Financial Instruments*[7]

[1] Effective for annual periods beginning on or after 1 February 2010

[2] Effective for annual periods beginning on or after 1 July 2010

[3] Effective for annual periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

[5] Effective for annual periods beginning on or after 1 July 2011

[6] Effective for annual periods beginning on or after 1 January 2012

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

3. TURNOVER

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

	2010	2009
	HK$'000	*HK$'000*
Net gains from the sale of investments at fair value through profit or loss*	**1,529**	25,894
Interest income from loans receivable	**19,676**	25,561
Dividend income from listed investments	**3,643**	6,183
Rental income	**30,850**	36,813
	55,698	94,451

* Represents the proceeds from the sale of investments at fair value through profit or loss of HK$818,233,000 *(2009: HK$1,176,886,000)* less cost of sales and carrying value of the investments sold of HK$816,704,000 *(2009: HK$1,150,992,000)*.

4. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The directors consider trading of investments, provision of financial services, property investment and investment holding are the Group's major operating segments. Segment results represent the profit earned or loss incurred by each segment. The following analysis is the measure reported to chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Operating segments of the Group comprise the following:

Trading of investments	:	Purchase and sale of securities and provision of securities services
Provision of financial services	:	Provision of loan financing services
Property investment	:	Holding properties for rental and capital appreciation
Investment holding	:	Holding investments for dividend and investment income and capital appreciation

Operating segments

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

Year ended 31 December 2010

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

Year ended 31 December 2009

	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	32,077	25,561	36,813	—	—	94,451
Segment results	72,080	83,582	45,993	(8,934)	(26,331)	166,390
Net losses on disposal of interest in subsidiaries	—	—	—	(26,588)	—	(26,588)
Loss on deemed disposal of interest in jointly controlled entities	—	—	—	(734)	—	(734)
Share of results of jointly controlled entities	—	—	—	5,662	—	5,662
Share of results of associates	—	—	—	(1,484)	—	(1,484)
Finance costs	—	—	—	—	(9,961)	(9,961)
Profit before taxation						133,285
Taxation	—	—	(3,940)	—	—	(3,940)
Profit for the year						129,345

Geographical segments

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

At the end of the reporting period, the Group did not have any assets and liabilities in the property investment segment. In recent years, the Group has been earning rental income from letting of properties and undertaking property acquisition and disposal transactions. The change of control in Cordoba Group leading to the disposal of components would not represent that the Group's property investment business be regarded as discontinued operations under HKFRS5 "Non-current Assets Held for Sale and Discontinued Operations".

Information about major customers

Included in the turnover arising from provision of financial services and property investment segments of approximately HK$50,526,000 *(2009: HK$62,374,000)* are turnover of approximately of HK$19,048,000 *(2009: HK$25,399,000)* which arose from interest and rental income from one *(2009: two)* of the Group's largest customers which contributed more than 10% of the Group's turnover.

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

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**54,366**	89,834
PRC	**1,332**	4,617
	55,698	94,451

5. (LOSS) PROFIT BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
This is stated after charging (crediting):		
Auditor's remuneration	**1,670**	1,624
Contributions to MPF Scheme	**315**	319
Depreciation of property, plant and equipment included in depreciation and amortisation expense	**29,861**	23,450
Amortisation of intangible assets included in depreciation and amortisation expense	**—**	1,418
Operating lease charges on equipment	**79**	72
Impairment losses on property, plant and equipment included in other operating expenses	**1,173**	—
Direct operating expenses relating to investment properties that generated rental income	**7,024**	4,875

6. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% *(2009:16.5%)* on the Group's estimated assessable profits arising from Hong Kong during the year.

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

	2010	2009
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**176**	106
Overprovision in prior years	**—**	(619)
Underprovision in prior years	**—**	35
Enterprise Income Tax of the PRC	**135**	463
	311	(15)
Deferred taxation		
Origination of temporary differences	**319**	5,831
Benefit of tax losses reversed (recognised)	**2,275**	(1,876)
	2,594	3,955
Total tax charge for the year	**2,905**	3,940

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on loss attributable to equity holders of the Company for the year of 2010 of HK$169,285,000 *(2009: profit attributable to equity holders of the Company of HK$129,345,000)* and the weighted average number of 202,643,984 ordinary shares *(2009 (restated): 92,152,751 ordinary shares)* in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic (loss) earnings per share for the year of 2010 and 2009 has been adjusted to reflect the impact of the capital reorganisation effected subsequent to the end of 2010 (see note 12).

For the year ended 31 December 2010, as there was an anti-dilutive effect after adjusting for the effect of all dilutive potential ordinary shares, dilution loss per share was the same as the basic loss per share.

The Company had no dilutive potential ordinary shares for the year 2009. Accordingly, the diluted earnings per share was the same as the basic earnings per share.

8. INVESTMENT PROPERTIES

	2010	2009
	HK$'000	*HK$'000*
Fair value		
At beginning of year	**638,773**	609,814
Additions	**104,191**	36,732
Additions — acquisition of subsidiaries	**51,000**	—
Transfer to property, plant and equipment	**—**	(21,000)
Net changes in fair value	**43,681**	19,227
Disposals	**(115,800)**	(6,000)
Disposal of interest in subsidiaries	**(117,173)**	—
Disposal of interest in Cordoba Group *(note 10)*	**(604,672)**	—
At end of the reporting period	**—**	638,773

9. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to repayment schedules. The balances comprise loans receivable from:

		2010	2009
	Notes	*HK$'000*	*HK$'000*
Third parties	(a)	**202,280**	210,679
Allowance for doubtful debts	(b)	**—**	(63,225)
		202,280	147,454
Less: Balances due within one year included in current assets		**(198,280)**	(133,605)
Non-current portion		**4,000**	13,849
Short term loans, net of provision		**47,133**	106,507
Instalment loans		**155,147**	40,947
		202,280	147,454

Notes:

(a) At the end of the reporting period, loans receivable (1) carry effective interest rates ranging from around 2.5% per annum to 12% per annum *(2009: from around 2% per annum to 12% per annum)*; (2) include no past due balances *(2009: HK$33,243,000 which were past due over ten months and were fully impaired)*; (3) include balances of HK$202,280,000 *(2009: HK$177,436,000)* which are within the respective maturity dates and (4) are unsecured *(2009: balances of HK$57,666,000* were secured and the fair value of the pledged assets was HK$3,502,000).

(b) The directors assessed the collectability of loans receivable at the end of the reporting period individually with reference to borrowers' past collection history and current creditworthiness. None of the loans *(2009: an amount of HK$63,225,000 in respect of four loans)* 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 amount of HK$202,280,000 *(2009: remaining amount of HK$147,454,000)* and thus no additional allowance was considered necessary.

10. DISPOSAL OF SUBSIDIARIES

	2010	2009
	HK$'000	*HK$'000*
(Loss) Gain on disposal of interest in subsidiaries	**(35,796)**	125,120
Loss on deemed disposal of interest in subsidiaries	**—**	(151,708)
Loss on disposal of interest in Cordoba Group *(Note)*	**(11,783)**	—
Net losses on disposal of interest in subsidiaries	**(47,579)**	(26,588)

Note: Disposal of interest in Cordoba Group

Analysis of assets and liabilities over which control was lost:

		2010
	Note	***HK$'000***
Investment properties	8	604,672
Property, plant and equipment		203,305
Other investments		175,545
Interest in associates		186,581
Goodwill		1,636
Available-for-sale financial assets		1,041
Loans receivables		506,824
Financial assets at fair value through profit or loss		129,486
Other receivables		16,902
Cash and cash equivalents		84,508
Other payables		(3,420)
Tax payable		(56)
Deferred tax liabilities		(25,966)
Interest-bearing borrowings		(323,559)
Due to fellow subsidiaries		(9,650)
Due to holding company		(150,000)
Net assets disposed of		1,397,849

	2010
	HK$'000
Loss on disposal of interest in Cordoba Group	
Cash consideration	120,000
Net assets disposed of	(1,397,849)
Non-controlling interests	575,752
Fair value of retained interest	690,314
	(11,783)

In November 2010, the Company and Supreme Castle Investments Limited ("Supreme Castle"), a third party, entered into a provisional sale and purchase agreement pursuant to which the Company agreed to dispose of a non-interest bearing convertible redeemable note issued by Cordoba Homes Limited ("Cordoba"), a then non wholly-owned subsidiary of the Company, which is due in 2011 with an aggregate principal amount of HK$120 million (the "Cordoba Convertible Note") at a cash consideration of HK$120 million. The disposal was completed in December 2010. In the same month, Supreme Castle converted the Cordoba Convertible Note into 200,000,000 new shares of Cordoba at the conversion price of HK$0.60 per Cordoba share, which constitutes a dilution of the Group's interests in Cordoba and its subsidiaries (collectively referred as "Cordoba Group"). Accordingly, the Company's approximately 55.27% equity interests in Cordoba Group was diluted to approximately 49.38% of the enlarged issued share capital of Cordoba and Cordoba Group became an associate of the Company thereafter.

11. DEEMED DISPOSAL OF INTEREST IN ASSOCIATES

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

12. EVENT AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 16 March 2011, a special resolution in respect of the share consolidation and the capital reduction of the Company (the "Capital Reorganisation") were approved by the shareholders. The Capital Reorganisation became effective on 17 March 2011 and its effects were as follows:

(a) Under the capital reduction, the authorised share capital of the Company was reduced from HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each to HK$20,000,000 divided into 10,000,000,000 reduced shares of HK$0.002 each and the reduction was effected by way of cancellation of HK$0.098 of the paid up capital on each issued share of HK$0.10 and by reducing the nominal value of each issued or unissued share of the Company from HK$0.10 per share to HK$0.002 per reduced share. Accordingly, the issued share capital of the Company was reduced from HK$148,034,983 to HK$2,960,699.66 divided into 296,069,966 adjusted shares, giving rise to a total credit of HK$145,074,283.34 which was, in its entirety, credited to the share premium account of the Company.

(b) Under the share consolidation, every 5 reduced shares of HK$0.002 each was consolidated into 1 adjusted share of HK$0.01.

13. COMPARATIVE FIGURES

Comparative figures of 31 December 2009 and 1 January 2009 have been adjusted or reclassified as a result of retrospective application of new accounting policies as disclosed in note 1.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year *(2009: Nil)*.

FINAL RESULTS

For the Year, the Group's turnover was approximately HK$56 million compared to approximately HK$94 million last year. The drop in turnover was mainly attributed to the decrease in net gains from the sale of investments and the decrease in rental and interest income. Details of the breakdown of the turnover can be seen on note 3 to the consolidated financial statements.

2010 was a year marked by uncertainty and volatility. The Group's loss attributable to shareholders for the Year was approximately HK$169 million as compared to a profit of approximately HK$129 million last year. The loss was mainly attributed by net fair value losses on trading of investments held, losses on disposal of interest in subsidiaries and share of associates losses. Details of the breakdown of the segmental results can be seen on note 4 to the consolidated financial statements. Loss per share for the Year was HK$0.84 *(2009 (restated): earnings per share of HK$1.40)*.

BUSINESS REVIEW PROSPECT

Business Review

Year 2010 was mixed with challenges and opportunities to the Group. Major lines of business of the Group operated under different economic environments and achieved different results.

Hit by global worries about Europe's sovereign debt crisis, currency woes and geopolitical tension in North-South Korea despite subsequently rejuvenated by QE2 from the Fed, the securities market was volatile in year 2010. The securities trading segment reported a loss of approximately HK$100 million for the Year as a result of net fair value losses for securities held and not yet sold at the year end.

Fueled by excessive liquidity and exceptionally low interest rates, the property investment segment continued to contribute a positive return of approximately HK$73 million arising from the net fair value gains on investment properties. By consolidating the property portfolio with higher quality properties and investment potential, the Group acquired the entire 21st and 23rd floor of China United Centre in North Point, a residential property in Pinewood Garden and a rural land in

Australia and disposed of its sole commercial premise in the PRC. The Group also grasped the property market boom to materialise the capital appreciation by selling three luxury properties in Hong Kong Island. All the considerations were satisfied by cash with the exception of the PRC property which was satisfied by consideration shares.

Provision of financial services maintained a stable interest income and earned a profit of approximately HK$28 million of which approximately HK$16 million came from the reversal of previous allowance for doubtful debts.

The Group has investment in associated companies with principal business in investment in properties, money lending and securities trading. They recorded loss results in year 2010 and the share of associates losses attributable to the Group was approximately HK$85 million.

Year in Review and Prospect

2010 was anything but a "normal" year. It is a year full of disasters and major catastrophes, both natural and man-made. Major disasters such as the earthquake that hit Haiti in January killed more than 220,000 people, the Russian heat wave and fire that destroyed a third of the country's wheat supply, and the flooding in Pakistan that rendered almost one-fifth of the country's total land area underwater to name a few. Not to mention the earthquake in Qinghai province in China, the volcano explosion in Iceland, the severe flooding in Tennessee and Mississippi in USA, and the drought that hit much of the farmland of North China Plain. On top of that, we have witnessed the worst oil spill in the US history, the BP Mexican Gulf oil spill.

2011 greeted us with the severe snow storm that covered much of New York and many parts of Europe that essentially put a halt to air traffic, then we watched in disbelief on our television set of the devastated earthquake and the subsequent tsunami that affected the Sendai area in Japan and cast the whole world into fear of radiation contamination and a nuclear meltdown.

Towards the end of the Year and into the beginning of 2011, political unrest, protests, and revolution started in Tunisia which resulted in the president going into exile. But that momentum has not stopped, soon it spread to Egypt, Libya, Bahrain, and even attempted protests in China.

In the midst of all these disasters and political unrests, commodity prices have rocketed with many reaching new highs. Oil price is again hovering around US$100 per barrel. Inflation is inevitable and is putting a damper on the economic recoveries of many countries.

Here at home, we too are faced with inflation and with rising prices on essentials such as food and housing. We have seen local protests on taxes, educational systems, elderly allowance, minimum wages, subsidised housing development, sports funding etc. and even to the extent of calling for the resignations of certain government officials. In fact, we have so many protests, large or small, that seem like it is becoming an event every Sunday. We have political factions that scream and toss unwarranted objects at each other during legislative sessions. Perhaps that is just the public's way of venting their frustrations and keeping the politicians on their toes, the right or wrong of which I do not intent to comment.

I may have sounded like that the end of the world is coming soon as depicted in the movie "2012" . That is not the case. Surely the economy will recover slower than we originally anticipated and surely there are still "great uncertainties", but tomorrow is always "uncertain". As I said in the 2008 annual report, "Hong Kong has seen its political and financial crisis in the past, but our people have always stood up to the challenge……and achieve sustainable development". We have gone through the 1997 Handover and the real estate crash, we have gone through SARS, and the global financial tsunami, and yet we have a government awash in fiscal surplus, so much so that it is giving HK$24 billion back to its residents.

I have talked about a "conservative approach" in the last few years, but I think that the time is right that we employ a more aggressive approach to investing. I feel an abundance of opportunities. During the past few months, I have been approached with more investment proposals than I have seen for a long time and many of which warrant further studies and evaluations. There are proposals on oil and gas projects, coal mining projects, environmental or alternative energy projects such as solar energy and fuel saving devices, as well as other mining projects in emerald, gold, copper etc. and there are also real estate projects and other finance proposals. The Directors and I have evaluated projects from as close as home to as far as the African continent. Our Company is strong in liquidity and the timing is right to capture investment opportunities that can enhance the shareholders' return.

FINANCIAL REVIEW

Liquidity

During the Year, apart from additions through acquisition of subsidiaries, the Group invested approximately HK$38 million in property, plant and equipment, approximately HK$27 million in artworks and approximately HK$104 million in investment properties of which HK$83 million was financed from bank borrowings with the rest from internal resources. In addition to disposal of subsidiaries, the

Group also disposed of investment properties in an aggregate amount of approximately HK$149 million in cash. The Group also obtained additional bank loans of approximately HK$45 million and repaid approximately HK$100 million bank borrowings during the Year.

In November 2010, the Company entered into a loan agreement with Cordoba Homes Limited ("Cordoba") pursuant to which the Company agreed to grant a loan of HK$150 million to Cordoba for the purpose of repayment of the outstanding shareholder's loan due to it when Cordoba ceases to be a non wholly-owned subsidiary of the Company. In December 2010, the shareholder's loan was then converted into the loan which bears an interest at prime rate per annum payable quarterly in arrears and is repayable within one year. In the same month, the Company disposed of the convertible note issued by Cordoba at face value of HK$120 million in cash. For further details, please refer to the section headed "Material Disposals" below.

As at 31 December 2010, the Group did not have any secured bank borrowings *(2009: approximately HK$295 million classified as current liabilities)* after Cordoba ceasing to be a non wholly-owned subsidiary of the Company in December 2010. During the Year, the Group's bank borrowings carrying interest rates were calculated with reference to prime rate and HIBOR and denominated in Hong Kong dollars. The Group did not have any financial instruments used for hedging purpose.

As most of the Group's transactions and bank balances were denominated in Hong Kong dollars, the Group's exposure to foreign exchange rate was minimal.

As at 31 December 2010, the Group's total equity amounted to approximately HK$1,989 million *(2009: approximately HK$2,530 million)* and had net current assets of approximately HK$1,370 million including cash and cash equivalents of approximately HK$317 million (2009: approximately HK$1,325 million including cash and cash equivalents of approximately HK$196 million). The Group has nil gearing ratio *(2009: 3.9% which is computed on the basis of net borrowings to total equity)* and current ratio of 393 times *(2009 (restated): 5.3 times)*.

Capital Resources and Reorganisation

During the Year, the Company has completed four share placements issuing in total about 823 million ordinary shares at placing prices ranging from HK$0.165 to HK$0.450 per share raising aggregate net proceeds of about HK$205 million for the general working capital and future potential investments of the Group. In March 2010, the Company granted 59.74 million share options at an exercise price of HK$0.375 per share, all of which were exercised raising an additional capital of approximately HK$22 million in the same month.

Subsequent to the year end, a special resolution for approving the capital reorganisation, which involved capital reduction and share consolidation of five reduced shares into one adjusted shares was passed at an extraordinary general meeting of the Company on 16 March 2011. As a result, the authorised share capital of the Company was reduced from HK$1,000,000,000 to HK$20,000,000 divided into 2,000,000,000 adjusted shares of HK$0.01 each and the issued share capital of the Company was reduced from HK$148,034,983 to HK$2,960,699.66 divided into 296,069,966 adjusted shares, giving rise to a total of credit of HK$145,074,283.34 which will, in its entirety, be credited to the share premium account of the Company.

MATERIAL ACQUISITION

In May 2010, the Group entered into a conditional agreement to acquire the entire interest in Sunny Soar Investments Limited for the principal assets of its subsidiaries, being the entire of 21st Floor of China United Centre in North Point at a cash consideration of HK$52 million which was partly financed by bank borrowings and partly from internal resources. Upon Cordoba becoming the Company's associate in December 2010 with details mentioned in the section headed "Material Disposals" below, Sunny Soar Investments Limited (being a wholly-owned subsidiary of Cordoba) ceased to be an indirect non wholly-owned subsidiary of the Company in December 2010.

MATERIAL DISPOSALS

In March 2010, the Group entered into a share purchase agreement with a third party, Forefont Group Limited ("Forefront") to dispose of the entire interest in Perfect Time Investments Limited, an indirect non wholly-owned subsidiary of the Company, for the principal asset of its subsidiary, being a commercial premise in the PRC, at an agreed consideration which was satisfied by the issuance of 400 million new shares of Forefront at HK$0.15 per share on completion date.

In November 2010, the Company entered into a sale and purchase agreement to dispose of a redeemable convertible note in the principal amount of HK$120 million issued by Cordoba to a third party at face value in cash. The sale proceeds were used to strengthen the financial position and liquidity of the Company for its potential acquisition or expansion of its existing business. The transaction was completed in December 2010 and the convertible note was subsequently converted into 200 million ordinary shares of Cordoba in full by the note-holder. Upon full conversion of the convertible note, the shareholding in Cordoba held by the Company was then diluted from 55.27% to 49.38% in which Cordoba became an associated company of the Company. Accordingly, all assets and liabilities of Cordoba and its subsidiaries were no longer consolidated into the Group's financial statements. After that, another third party subscribed 400 million ordinary shares of Cordoba leading to further dilution of the equity interest of the Company in Cordoba to 40.71%. Further details of these disposals are set out in the notes 10 and 11 to the consolidated financial statements.

PLEDGE OF ASSETS

As at 31 December 2010, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$678 million *(2009: approximately HK$886 million)* were pledged to certain financial institutions and brokers to secure certain margin financing facilities amounted to approximately HK317,240,000 *(2009: approximately HK$446,112,000)* granted to the Group which were not utilised *(2009: approximately HK$4 million was utilised).*

CAPITAL COMMITMENTS

As at 31 December 2010, the Group had capital commitments in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounting to approximately HK$0.1 million *(2009: approximately HK$62 million in respect of acquisition of property, plant and equipment and investment properties)*.

CONTINGENT LIABLITIES

As at 31 December 2010, the Company had provided corporate guarantees facilities of approximately HK$360 million committed in favour of certain banks for securing bank loan facilities granted to its associates *(2009: approximately HK$320 million granted to its subsidiaries)*, which were utilised to the extent of approximately HK$316 million *(2009: approximately HK$283 million)*. The Company has charged a corporate guarantee fee of 1.5% per annum payable monthly in arrears by Cordoba on the average daily outstanding amount of the aggregate principal of bank loans.

EMPLOYEES

As at 31 December 2010, the Group employed 32 employees *(2009: 29 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.

AUDIT COMMITTEE

The Company has formed an audit committee comprising three independent non-executive Directors. The audit committee has reviewed and discussed the auditing, internal controls and financial reporting matters including the review of interim and final results of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by officers of the Group on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") contained in Appendix 10 of the Listing Rules. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website at http://www.willie273.com and the website of the HKExnews at http://www.hkexnews.hk. The annual report will be despatched to the shareholders and will be available on the websites of the HKExnews and the Company in due course.

APPRECIATION

We would like to take this opportunity to thank the shareholders of the Company for your continuing support and we also thank our dedicated staff for their contributions to the Group.

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

Hong Kong, 30 March 2011

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

Executive Directors
Dr.Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. King Phillip
Mr. Wang Lin

Independent non-executive Directors
Mr. Cheung Wing Ping
Mr. Liu Jian
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond