



# 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 2006

### 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 2006 together with the comparative figures for the year ended 31 December 2005 as follows:

#### Consolidated Income Statement

For the year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
<b>Turnover</b>	3	<b>295,508</b>	124,477
Other income		<b>12,694</b>	8,605
Cost of investments held for trading sold		<b>(293,316)</b>	(133,475)
Depreciation expense		<b>(1,155)</b>	(1,307)
Employee benefits expense		<b>(9,155)</b>	(9,565)
Other operating expenses		<b>(15,233)</b>	(27,500)
Reversal of impairment loss on interest in an associate		—	75,036
Impairment loss on amount due from an associate		—	(75,000)
(Loss) profit on disposal of interests in subsidiaries		<b>(143)</b>	5,925
Loss on disposal of convertible note issued by an associate	7	<b>(31,000)</b>	—
Profit on disposal of an unlisted investment		—	20,528
Profit on deemed disposal of interest in an associate		<b>8,429</b>	1,406
Loss on deemed acquisition of interest in an associate		—	(13,331)
Share of loss of associates		<b>(79,010)</b>	(99,351)
Finance costs		<b>(2,380)</b>	(8,163)
<b>Loss before taxation</b>	5	<b>(114,761)</b>	(131,715)
Taxation	6	—	—
<b>Loss for the year</b>		<b><u>(114,761)</u></b>	<b><u>(131,715)</u></b>
<b>Loss attributable to equity holders</b>		<b><u>(114,761)</u></b>	<b><u>(131,715)</u></b>
<b>Loss per share — Basic</b>	8	<b><u>(3.4 cents)</u></b>	<b><u>(6.4 cents)</u></b>

## Consolidated Balance Sheet

As at 31 December 2006

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Investment properties	7,200	9,650
Property, plant and equipment	22,977	22,391
Interests in associates	98,118	238,549
Other financial asset	<u>—</u>	<u>7,143</u>
	<b>128,295</b>	<b>277,733</b>
<b>Current assets</b>		
Investments held for trading	118,818	13,626
Loans receivable	103,529	40,280
Other receivables	1,631	1,138
Cash and cash equivalents	<u>8,878</u>	<u>11,420</u>
	<b>232,856</b>	<b>66,464</b>
<b>Current liabilities</b>		
Other payables	8,242	14,231
Current portion of interest-bearing borrowings	<u>7,507</u>	<u>4,629</u>
	<b>15,749</b>	<b>18,860</b>
<b>Net current assets</b>	<u>217,107</u>	<u>47,604</u>
<b>Total assets less current liabilities</b>	<u>345,402</u>	<u>325,337</u>
<b>Non-current liabilities</b>		
Long-term interest-bearing borrowings	<u>15,788</u>	<u>13,770</u>
<b>NET ASSETS</b>	<u>329,614</u>	<u>311,567</u>
<b>CAPITAL AND RESERVES</b>		
Issued capital	350,649	303,209
Reserves	<u>(21,035)</u>	<u>8,358</u>
<b>TOTAL EQUITY</b>	<u>329,614</u>	<u>311,567</u>

Notes

**1. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and investments held for trading, which are measured at fair value.

**2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The accounting policies adopted in the current year are consistent with those of the previous year except the Group has adopted HKAS 39 and HKFRS 4 (Amendments) “Financial Guarantee Contracts”. The adoption of these amendments did not have significant effects on the financial statements of the Group and the Company.

The Group has not early adopted the new/revised standards and interpretations issued by the HKICPA that are not yet effective for the current year. The Group has already commenced an assessment of impact of these new / revised standards and interpretations but is not yet in a position to state whether they would significantly impact on its results of operations and financial position.

**3. TURNOVER**

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

	<b>2006</b>	2005
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Proceeds from sale of investments held for trading	<b>283,735</b>	112,293
Interest income	<b>10,950</b>	12,028
Dividend income	<b>801</b>	—
Rental income	<b>22</b>	156
	<b><u>295,508</u></b>	<u>124,477</u>

#### 4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments are its primary reporting format and no geographical segments has been presented as the Group's operations and assets are located in Hong Kong for the years ended 31 December 2006 and 2005.

##### Business segments

Business segments of the Group comprise the following:

Trading of investments:	Purchase and sale of securities
Provision of financial services:	Provision of securities brokerage services, financial advisory services and loan financing
Property investment:	Lease of properties for rentals
Investment holding:	Holding investments for dividend income and capital appreciation

The following tables show segment information for the years ended 31 December 2006 and 2005.

##### Year ended 31 December 2006

Segment revenue	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>
Turnover	284,665	10,821	22	—	—	295,508
Other revenue	<u>10,017</u>	<u>—</u>	<u>570</u>	<u>—</u>	<u>2,107</u>	<u>12,694</u>
Total revenue	<u>294,682</u>	<u>10,821</u>	<u>592</u>	<u>—</u>	<u>2,107</u>	<u>308,202</u>
<b>Segment results</b>	<b>1,359</b>	<b>10,655</b>	<b>(840)</b>	<b>(23,653)</b>	<b>1,822</b>	<b>(10,657)</b>
Loss on disposal of interest in a subsidiary						(143)
Loss on disposal of convertible note issued by an associate						(31,000)
Profit on deemed disposal of interest in an associate						8,429
Share of loss of associates	656	(34,253)	—	(45,271)	(142)	(79,010)
Finance costs						(2,380)
Taxation						<u>—</u>
Loss for the year						<u>(114,761)</u>

Year ended 31 December 2005

Segment revenue	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>
Turnover	112,293	12,028	156	—	—	124,477
Other revenue	—	5,050	400	2,540	615	8,605
Total revenue	<u>112,293</u>	<u>17,078</u>	<u>556</u>	<u>2,540</u>	<u>615</u>	<u>133,082</u>
Segment results	(37,954)	9,070	89	(2,026)	(7,944)	(38,765)
Reversal of impairment loss on interest in an associate						75,036
Impairment loss on amount due from an associate						(75,000)
Profit on deemed disposal of interest in an associate						1,406
Profit on disposal of interests in subsidiaries						5,925
Profit on disposal of an unlisted investment	20,528	—	—	—	—	20,528
Loss on deemed acquisition of interest in an associate						(13,331)
Share of loss of an associate	147	(4,743)	—	(94,605)	(150)	(99,351)
Finance costs						(8,163)
Taxation						—
Loss for the year						<u>(131,715)</u>

## 5. LOSS BEFORE TAXATION

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
This is stated after charging (crediting):		
Contributions to MPF Scheme	<b>214</b>	214
Impairment loss on goodwill arising from acquisition of interests in associates (included in share of loss of associates)	<b>34,742</b>	5,156
Auditors' remuneration	<b>1,135</b>	1,148
Operating lease charges:		
Equipment	<b>72</b>	59
Office premises	<b>1,042</b>	929
Loss on disposal of investment properties	<b>490</b>	237
Gain on disposal of property, plant and equipment	<b>(291)</b>	(119)
Equity-settled share-based payment	<b><u>5,899</u></b>	<u>—</u>

## 6. TAXATION

Hong Kong Profits Tax has not been provided as the companies of the Group either incurred a loss for taxation purposes or their estimated assessable profits for the year ended 31 December 2006 are wholly absorbed by unutilised tax losses brought forward from previous years (2005: Nil).

## 7. LOSS ON DISPOSAL OF CONVERTIBLE NOTE ISSUED BY AN ASSOCIATE

Loss on disposal of convertible note issued by an associate was recognised for the disposal of Hennabun Management International Limited ("HMIL") 8% convertible note during the year. The details of this transaction were disclosed in the announcement and the circular of the Company dated 2 May 2006 and 23 May 2006 respectively.

## 8. LOSS PER SHARE

The calculation of the loss per share is based on the loss for the year of HK\$114,761,000 (2005: HK\$131,715,000) and on the weighted average number of 3,369,436,000 shares (2005: 2,071,246,000 shares) in issue during the year.

No diluted loss per share is presented for the year of 2006 as the potential ordinary shares under the share option scheme have antidilutive effect. No diluted loss per share was presented for the year of 2005 as there were no potential ordinary shares in issue.

## **BUSINESS REVIEW AND PROSPECTS**

### **THE YEAR IN REVIEW**

Shareholders notice that the Company had undergone major restructuring for the past two to three years. The Board have made significant moves to restore the confidence of investors and to improve the competitiveness of the Company for the long term. Realising early on of the increasing importance or influence of China on the global market and specifically on the local Hong Kong economy, the Company has changed the business model and the Board is well positioned to capture and benefit from market opportunities in China.

The mission of the Company is to grow the Group and the business. The Company has gone through the transition period, the Board recognises that our shareholders have shared the pain as the Board struggled over the past few years and the Board appreciates your patience and support. The Company has entered the next phase. The Board committed to guide the Company through this phase of growth and the Board is working hard to get things moving in the right direction.

In 2006, the focus and plan were clear and the Board has executed strongly on the business strategies. Throughout the year, the Board spent a good deal of time working to expand the connections or networks. The Company have approached potential partners as well as received countless investment proposals. After careful evaluations, the Board has identified certain projects which offer sustainable value and growth that are worth pursuing.

In January 2006, the Group entered into an agreement with Mr. Wang Sing (former CEO and executive director of Tom Group) for the acquisition of 25% of Amerinvest Coal Industry Holding Company Limited (“Amerinvest”) through a placement of shares and thus making Mr. Wang Sing a strategic investor of the Company. In March 2006, the Group further acquired an additional 25% of Amerinvest. Amerinvest is a company that invests in the West China Coking Project in the Yunnan Province in China.

The Board regards the natural resources and energy sectors as a major and critical development in China with potential for tremendous growth. The Board continues its strategies to explore opportunities in these areas. In February 2007, the Company announced of a potential joint venture with PRC oil conglomerate to engage in the exploration of oil located in a country with rich energy resources in the former Soviet Socialist Republic; and again in March 2007, the Company announced of a potential forestry investment in Simao City in the Yunnan Province. Both of these projects are currently being evaluated or in negotiation and shareholders and potential investors should note that no binding agreements have been signed and that the projects may or may not proceed. Moreover, the Board believes that the property market in Hong Kong will become stable with an upward trend, especially for luxury properties. In April 2007, the Company announced to incorporate a wholly-owned subsidiary as the holding company for the property investment and acquired a property of House 6, Somerset Path, The Royal Oaks, 8 Kam Tsin South Road, Sheung Shui.

As the Board evaluates potential projects and partners, so too was the Group being scrutinised by our counterparts. It is therefore important that the Board instills in the potential partners a sense of confidence. In that respect, the Group has concentrated the resources in cash and liquid asset by disposing minor property holdings, non-performing assets, and long term debt instruments. During the year, the Group disposed of its interests in Found Macau Investments International Limited and HMIL 8% convertible note for HK\$75 million and \$100 million respectively. The Company raised an additional HK\$60.8 million through the exercise of share options. In January 2007, the Group disposed of its only property in Laguna City, Kowloon for HK\$2.7 million.

During the beginning of 2007, the Company has further strengthened the cash position by raising additional equity of approximately HK\$449 million with two share placements of 1,873 million new shares, the issuance of 2,200 million new shares arising from the conversion of convertible notes, and the issuance of 257 million new shares arising from the exercise of share options. The Board has taken the necessary measures to position the Company for growth.

## **RESULTS**

Turnover for the year ended 31 December 2006 (the “Year”) amounted to HK\$295.5 million, an increase of 137.3% when compared with HK\$124.5 million for the last year. The increase in turnover was mainly attributable to the increase in the sale of listed investments during the year. Loss attributable to equity holders for the Year was HK\$114.8 million compared with a loss of HK\$131.7 million for the last year. Loss per share for the Year was HK\$0.034 compared with HK\$0.064 for the last year. The Audit Committee has reviewed the Group’s audited financial statements for the Year, including the accounting principles and practices adopted by the Group.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year. (2005: Nil)

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Year, the Company has completed the issue of 224,408,635 new shares arising from the exercise of share options raising an additional equity of approximately of HK\$60.8 million. Furthermore, the Company has issued 250,000,000 new shares to satisfy the acquisition cost of HK\$66.25 million for the investment in the initial 25% shareholding in Amerinvest.

As at 31 December 2006, the Group’s total equity amounted to HK\$329.6 million as compared with HK\$311.6 million as at 31 December 2005. As at 31 December 2006, the Group had net current assets of HK\$217.1 million including cash and cash equivalents of HK\$8.9 million as compared with net current assets of HK\$47.6 million including cash and cash equivalents of HK\$11.4 million as at 31 December 2005. The Group maintained a low debt/equity ratio of 7.1% (computed on the basis of total borrowings to total equity) and current ratio of 14.79 times as at 31 December 2006 as compared to 5.9% and 3.52 times respectively as at 31 December 2005.



As at 31 December 2006, the Group had bank and other borrowings of HK\$23.3 million (2005: bank borrowings of HK\$18.4 million). Of the Group's bank and other borrowings of HK\$23.3 million, 32.2 %, 11.7%, 32.5%, 23.6% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated with reference to prime rate 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 risk was minimal.

## **PLEDGE OF ASSETS**

As at 31 December 2006, certain assets of the Group with an aggregate carrying value of HK\$27.7 million (2005: HK\$30.8 million) have been pledged to banks to secure banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of guarantees of HK\$20.4 million (2005: HK\$38 million) and HK\$30 million (2005: HK\$30 million) for banking facilities granted to subsidiaries and an associate respectively, which were utilised by subsidiaries and an associate to the extent of HK\$18.3 million (2005: HK\$18.4 million) and HK\$24.5 million (2005: HK\$21.4 million) respectively.

## **EMPLOYEES**

As at 31 December 2006, the Group employed a total of 25 employees (2005: 24). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and a share option scheme.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

## **CORPORATE GOVERNANCE**

The Company complied with all requirements set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2006.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by officers of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the period under review.

## **AUDITORS' REPORT**

The auditors' report of the Group's financial statements for the year ended 31 December 2006 is unqualified.

## **DISCLOSURE OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All the information required by paragraphs 45(1) to 45(8) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

## **APPRECIATION**

The Board would like to welcome Mr. Wang Lin, Mr. Liu Jian, Mr. Shum Ming Choy, and Mr. Yau Yan Ming, Raymond to our Board and the Board would like to recognise the contributions of Mr. Lam Ping Cheung and Mr. Miu Frank H. for their services to the Board. Moreover, the Board would like to thank the partners, employees, and shareholders of the Group for their continued confidence and support.

By Order of the Board  
**Willie International Holdings Limited**  
**King Phillip**  
*Managing Director*

Hong Kong, 18 April 2007

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Lo Kan Sun, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin and five independent non-executive directors, namely Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*