THE YEAR IN REVIEW

Fiscal 2005 was a year of gradual but effective progress. I mentioned in my previous letters to shareholders that the Company underwent radical changes in the last two fiscal years. During those years, we changed domicile from Bermuda to Hong Kong, we underwent major restructuring, we took steps to reduce our workforce, and we even changed the make up of our Board. Today we are a leaner, faster, and more competitive company. I believe our transformation has been completed. In June 2005, we officially changed the name of the Company from China United International Holdings Limited to Willie International Holdings Limited to mark a new beginning and to demonstrate our strong desire to improve perceptions of the Company.

In recent years, investors and shareholders have seen disappointing results. As a consequence, stock performance has been volatile and many have suffered significant losses. It is not my intention to offer any excuses here. I have briefly touched on the reasons behind our aggressive investment strategy and our performance in my statement last year. I would like to take this opportunity to thank those investors and shareholders that believed in our strategy and supported us in the past. During the year, the Company made two successful placements of shares for approximately $46 million and $79 million in March and November respectively to improve and strengthen the Company. We appreciate your commitment and your continuing support in our management team.

With the passing of time and the improvement in the global economy, particularly in the economies of Hong Kong and China, projects and negotiations that we had been working on became more attractive and the business relationships that we had been developing became more mature. I think all the elements have come together and we are well-positioned and prepared for growth. As we change our name, so too have we adjusted our investment strategy. We have adopted a less aggressive approach. Our strategy is to invest or concentrate our efforts in projects with potential for future growth. To steer the Group towards that growth, we look out a medium term of three to four years at the general evolving market trend and then work backward to identify opportunities.

Over the past few years, our balance sheets continue to improve and we have virtually no operational debt. The Directors realise that one of the essential tasks in changing the image or the public's perceptions of the Group must be that of a clean audit. We have fundamentally achieved that in fiscal 2004. During the course of the year, the Directors have discussed certain issues and consulted with the legal and accounting professionals regarding Macau investments and lending business to gambling clients in general. Based on those discussions and other considerations including but not limited to the timing of capital requirements, the Directors decided to terminate negotiation in acquiring the Neptune Syndicate, a VIP gambling club in July and sold the Group's interest in Found Macau Investments International Limited, an investment holding company formed to invest in gambling, entertainment, and related business in Macau. The sale resulted in a charge of HK$75 million. The Group still sees opportunities in Macau and will evaluate projects in a different perspective.

The Group restructured its loans and disposed of the receivables and old convertible note from Hennabun Management International Limited ("HMIL") amounting to approximately HK$146 million in exchange for a new convertible note of HK$146 million from HMIL with a maturity date in September 2015. The convertible note carries an interest of 8% per annum. One of the conditions of the transaction is that HMIL to procure an unsecured standby credit facility in the amount of HK$50 million to be made available to the Company. The transaction provided the Company with additional working capital.

The Group continued to dispose of its leasehold land and building and minor investment properties. During the year, the Group disposed three properties including Flat B on the 22nd Floor of Royalton together with one Car Park Space, Car Park Space at No. 234 Prince Edward Road West, and Flat B on the Second Floor of Block 23 of Laguna City. Subsequent to the year end, the Group also disposed two units at Scholar Court on Sands Street. The direction of the Group is to focus on larger scale and upper class commercial or residential developments and will continue to dispose its remaining minor real estate investments.

There were some noteworthy successes. During the beginning of the year, the Group sold its first investment in Macau, Wide Asia Shipping S.A., a holding company that owns a vessel intended to be leased for gambling. The transaction resulted in a short term gain of approximately HK$20 million.

The Group indirectly secured a joint venture agreement to form Tianjin Kai Sheng Automobile Services Company Limited (the "JV Company"). The total investment for the Group amounted to RMB7.5 million. The JV Company is known for its repair of automobiles and is a licensed authorised service centre for General Motor vehicles. The JV Company is also expected to become the authorised service centre for Nissan and Mitsubishi automobiles.

The Company entered into a Memorandum of Understanding with an influential independent third party in China regarding the setting up of a joint venture company in Beijing that engages in the national broadcasting of programs through the internet. However, as media broadcasting is censored and the license is controlled and restricted to foreign ownership, many obstacles and hurdles have to be overcome and workaround. The Company is working with the party in China to resolve the issues. Although the investment may or may not proceed, the working relationship has been positive and may lead to other developments.

I think we accomplished much in fiscal 2005 but we still have hard work ahead. We have a talented management team and a motivated workforce. We have solid investment partners and a strong shareholder base. We see a future with growth opportunities and we will continue to align our human and financial resources around our growth plans.

RESULTS

Turnover for the year ended 31 December 2005 (the "Year") amounted to HK$124.5 million, an increase of 34.3% when compared with HK$92.7 million for the last year. Loss attributable to equity holders for the Year was HK$131.7 million compared with a loss of HK$336.9 million for the last year. Loss per share for the Year was HK$0.064 compared with HK$0.28 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 (2004: NIL).

LIQUIDITY AND CAPITAL RESOURCES

During the Year, the Company has completed two share placements for 712 million new shares, the issue of 137,358,374 new shares arising from exercise of share options and the issue of 13,338,925 new shares arising from exercise of warrants, raising a total additional equity of approximately HK$124.9 million (before issue expenses), HK$25.8 million and HK$1.9 million respectively.

During the Year, the Company issued 5-year non-interest bearing convertible notes (the "New Notes") at a conversion price of HK$0.25 per share with principal amounts of HK$100 million to independent third parties and HK$100 million to an associate as the Group's partial loan contribution. The Company also redeemed the then existing 5-year convertible notes which bear interest at 7.8% with principal amount of HK$53 million. During the Year, all New Notes were converted in full and resulted in the issue of 800 million new shares of the Company.

As at 31 December 2005, the Group's total equity amounted to HK$311.6 million as compared with HK$91.5 million at 31 December 2004. As at 31 December 2005, the Group had net current assets of HK$47.6 million including cash and cash equivalents of HK$11.4 million as compared with net current liabilities of HK$117.3 million including cash and cash equivalents of HK$10.7 million at 31 December 2004. The Group continued to closely monitor its equity-debt structure and maintained a relatively low gearing ratio of 5.9% (computed on the basis of total borrowings to total equity) and current ratio of 3.52 times at 31 December 2005 as compared to 198% and 0.31 times respectively at 31 December 2004.

As at 31 December 2005, the Group has bank loans of HK$18.4 million (31 December 2004: bank loans of HK$32.1 million, other loans of HK$96.1 million and convertible notes of HK$53.0 million). Of the Group's bank loans of HK$18.4 million, 25.2%, 12.0%, 42.3%, 20.5% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank loans 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 2005, certain assets of the Group with an aggregate carrying value of HK$30.8 million (31 December 2004: HK$50.7 million) have been pledged to banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

At the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of guarantees of HK$38 million (2004: HK$38 million) and HK$30 million (2004: HK$75 million) for banking facilities granted to subsidiaries and an associate respectively, which were utilised by subsidiaries and an associate to the extent of HK$18.4 million (2004: HK$32.1 million) and HK$21.4 million (2004: HK$31.6 million) respectively.

EMPLOYEES

As at 31 December 2005, the Group employed a total of 24 employees (2004: 23). 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. As at 31 December 2005, there were no share options outstanding.

OUTLOOK

Towards the end of the year, the Directors started negotiations with Mr. Wang Sing for the acquisition of 25% of Amerinvest Coal Industry Holding Company Limited ("Amerinvest"), a company involved in the coal industry, more specifically, the West China Coking project in the Yunnan province in China. The details of the agreement were announced on 13 January 2006. The Company regards the energy sector as a major and critical development in China and an area with tremendous growth. As a result of the transaction, Mr. Wang Sing has become one of the major shareholders of the Company. Mr. Wang Sing, one of China's most experienced private equity investors and a well known and respected figure in the investment community, was the former CEO and Executive Director of Tom Group. In March 2006, the Company further acquired an additional 25% of Amerinvest, thus making Amerinvest an associate company and Mr. Wang Sing an equal partner in the West China Coking project. The Directors feel privileged to be able to have Mr. Wang as a strategic investor and look forward to working closely with him on this as well as other projects that may be of interest.

The West China Coking project consists of three phases of development. The initial phase has been completed and is currently in operation. The second phase is under construction and part of the second phase development is expected to go into production towards the end of the year. The development of the second and third phase is capital intensive. The Company and Mr. Wang Sing have been talking to investors and fund managers regarding the project.

Although the Group is concentrating most of its resources on the West China Coking project and has essentially no investment in Macau at this time, the Group remains confident in the economy of Macau and still sees ample opportunities in Macau. The Directors have established a close network of investors from both Hong Kong and Macau. We will continue to evaluate projects in Macau.

During the past few months, I have noticed an increasing amount of coverage of our Company in the financial columns of various newspapers. The overall consensus has been positive. The share price has been rising steadily. All of which may be interpreted as evidence that the analysts endorse our strategy and the general investment public agrees with what we have been doing. We have come a long way but the road ahead is still full of challenges. We see a future with growth opportunities and prospects and we are prepared to meet the challenges.

APPRECIATION

We would like to welcome Mr. King Phillip, Ms. Lin Wai Yi, Mr. Nakajima Toshiharu and Mr. Liu Jian to our Board. We would like to recognise the contributions of Mr. Chung Wilson, Mr. Lau Da Yip, Mr. Ong Peter, Mr. Pang Shuen Wai, Nichols and Mr. Wong Wai Man, Raymond for their services to the Board of Directors. On behalf of the Board, we would like to thank our partners, employees, and shareholders for their continued confidence and support.

Chuang Yueheng, Henry
Chairman

Hong Kong, 13 April 2006