WONSON INTERNATIONAL HOLDINGS LIMITED

和 成 國 際 集 團 有 限 公 司 *

(incorporated in the Beremuda with limited liability)

(Stock Code: 00651)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Wonson International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with comparative figures as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Notes	Six months ended 30 June **2009** ***HK$'000*** **(Unaudited)**	 2008 *HK$'000* (Unaudited)
Revenue	3	**600,438**	428,991
Cost of sales		**(596,668)**	(392,302)
		3,770	36,689
Other income		**1,585**	45,610
Loss on disposal of available-for-sale investments		**—**	(1,025)
Gain on disposal of subsidiaries		**124**	—
Change in fair value of investments held for trading		**(7,941)**	(14,351)
Impairment loss on goodwill		**—**	(22,221)
Distribution and selling expenses		**(462)**	(202)
Administrative expenses		**(35,195)**	(57,924)
Finance costs	4	**(55,825)**	(81,201)
Loss before tax		**(93,944)**	(94,625)
Taxation	5	**(7,525)**	(5,527)
Loss for the period	6	**(101,469)**	(100,152)
Loss per share - Basic	7	**HK(14.80)cents**	HK(28.43)cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(101,469)**	(100,152)
Other comprehensive income, net of tax		
Exchange differences on translation of foreign operations	**3,118**	62,520
Net loss on change in fair value of available for-sale investment	**—**	(261)
Other comprehensive income, net of tax	**3,118**	62,259
Loss attributable to equity shareholder of the Company	**(98,351)**	(37,893)

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2009

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	**976,663**	916,871
Deposit paid for acquisition of property, plant and equipment	**—**	3,029
Prepaid lease payments - non current portion	**342,561**	345,004
Goodwill	**514,179**	514,179
Intangible asset	**1,465,285**	1,546,602
	3,298,688	3,325,685
Current assets		
Inventories	**468,367**	482,125
Trade and other receivables	**492,619**	562,518
Prepayment for purchase of raw materials	**852,846**	863,043
Prepaid lease payment - current portion	**1,702**	1,701
Investments held for trading	**6,223**	18,423
Pledged bank deposits	**409,411**	176,648
Bank balances and cash	**175,769**	158,155
	2,406,937	2,262,613
Current liabilities		
Trade, bills and other payables	**1,290,492**	1,371,331
Amounts due to customers for contract work	**243,898**	358,079
Margin loan payable	**27,188**	32,499
Bank overdrafts	**—**	4,521
Bank borrowings - due within one year	**411,364**	113,637
Provision for warranty	**16,676**	2,974
Deferred consideration	**186,723**	173,447
	2,176,341	2,056,488

	30 June 2009 *HK$'000* (Unaudited)	31 December 2008 *HK$'000* (Audited)
Net current assets	**230,596**	206,125
	3,529,284	3,531,810
Capital and reserves		
Share capital	**37,605**	33,740
Reserves	**2,261,955**	2,259,669
	2,299,560	2,293,409
Non-current liabilities		
Bank borrowings - due after one year	**250,000**	227,273
Convertible notes payable	**392,091**	421,440
Deferred tax liabilities	**587,633**	589,688
	1,229,724	1,238,401
	3,529,284	3,531,810

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2008, which have been prepared in accordance with HKFRSs.

2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The significant accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with the 2008 annual financial statements except that, the Group has adopted the following new and revised standards, amendments to standards and interpretations issued by the HKICPA if they are relevant to its operations.

The new and revised standards, amendments to standards and interpretations mandatory for the financial year ending 31 December 2009 are as follows:

HKAS 1 (Revised) and Amendment	"Presentation of Financial Statements"
HKAS 16 Amendment	"Property, Plant and Equipment"
HKAS 19 Amendment	"Employee Benefits"
HKAS 20 Amendment	"Accounting for Government Grants and Disclosure of Government Assistance"
HKAS 23 (Revised) and Amendment	"Borrowing Costs"
HKAS 27 Amendment	"Consolidated and Separate Financial Statements"
HKAS 28 Amendment	"Investments in Associates"
HKAS 31 Amendment	"Interests in Joint Ventures"
HKAS 36 Amendment	"Impairment of Assets"
HKAS 38 Amendment	"Intangible Assets"
HKAS 39 Amendment	"Financial Instruments: Recognition and Measurement"
HKAS 40 Amendment	"Investment Property"
HKFRS 1 and HKAS27 Amendments	"Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
HKFRS 2 Amendment	"Share-based Payment - Vesting Conditions and Cancellations"

HKFRS 7 Amendment	"Improving Disclosures about Financial Instruments"
HKFRS 8	"Operating Segments"
HK(IFRIC)-Int 13	"Customer Loyalty Programmes"
HK(IFRIC)-Int 15	"Agreements for the Construction of Real Estate"
HK(IFRIC)-Int 16	"Hedges of a Net Investment in a Foreign Operation"
HK(IFRIC)-Int 9 and HKAS 39Amendments	"Embedded Derivatives"

Except for certain changes in presentation and disclosures of financial information as described below, the adoption of the above new and revised standards, amendments to standards and interpretations in the current period did not have any significant effect on the unaudited condensed consolidated interim financial statements or result in any significant changes in the Group's significant accounting policies.

- HKAS 1 (Revised), "Presentation of financial statements". The Group has elected to present two statements: an income statement and a statement of comprehensive income. The unaudited condensed consolidated interim financial statements have been prepared under the revised disclosure requirements;

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions. It is not expected to have a material impact on the Group's financial statements as the present segments information has been identified on the basis of internal reports reviewed by the decision maker.

The HKICPA has issued certain revised standards, amendments to standards and interpretations which are not yet effective for the year ending 31 December 2009. The Group has not early adopted the revised standards, amendments to standards and interpretations, which are not yet effective for the year ending 31 December 2009, in the unaudited condensed consolidated interim financial statement, but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3. REVENUES AND SEGMENT INFORMATION

Revenue from shipbuilding represents contracted revenue arising on construction contracts for shipbuilding for the period.

The chief operating decision-maker has been identified as the board of directors. The decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analysed form a business perspective: shipbuilding and its related business and trading businesses (including metal trading and securities trading).

The segment information for the six months ended 30 June 2009 is as follows:

	Ship building *HK$'000*	Trading businesses *HK$'000*	Total *HK$'000*
Gross proceeds	**600,438**	**4,259**	**604,697**
Revenue from external customers	**600,438**	**—**	**600,438**
Segment result	**(28,180)**	**(18,232)**	**(46,412)**
Interest income			**1,585**
Share-based payment expenses			**(2,966)**
Finance costs			**(46,151)**
Loss before tax			**(93,944)**
Taxation			**(7,525)**
Loss for the period			**(101,469)**

The segment information for the six months ended 30 June 2008 is as follows:

	Ship building *HK$'000*	Trading businesses *HK$'000*	Total *HK$'000*
Gross proceeds	428,219	382,454	810,673
Revenue	428,219	772	428,991
Segment result	36,065	(29,365)	6,700
Interest income			2,946
Share-based payment expenses			(10,021)
Finance costs			(72,029)
Impairment of goodwill			(22,221)
Loss before taxation			(94,625)
Taxation			(5,527)
Loss for the period			(100,152)

4. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on borrowings wholly repayable within five years:		
Convertible notes payable at effective interest rates	**30,984**	62,299
Imputed interest expense on deferred consideration	**13,277**	5,533
Bank borrowings	**9,674**	9,172
Other borrowings	**1,890**	4,197
	55,825	81,201

5. TAXATION

No provision for Hong Kong Profits Tax has been made since the Group has no assessable profits for both years.

In accordance with Article 8 of the Foreign Enterprise Income Tax ("FEIT') law of the People Republic of China (the "PRC"), foreign investment enterprises ("FIEs") of production nature are eligible to enjoy two years of exemption and three years of 50% deduction in FEIT starting from the first profit - making year (the "2+3 tax holidays"). The first fully exempted financial year of Jiangxi Jiangzhou Union Shipbuilding Co., Ltd. was the year ended 31 December 2007 and the full exemption period for Jiangxi Jiangzhou Union Shipbuilding Co., Ltd. has expired at 31 December 2008.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law ("Implementation Regulations"). The New Law and Implementation Regulations will change the tax rate to 25% for certain subsidiaries from 1 January 2008 onwards. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), certain tax exemption and deduction for the FEIT is still applicable until the end of the five-year transitional period under the New Law.

Under the New Law and Implementation Regulations, Jiangxi Jiangzhou Union Shipbuilding Co., Ltd. continues to enjoy the preferential tax treatment (12.5% effective tax rate, i.e.50% of the applicable tax rate of 25%) for each of the years from 2009 to 2011 Thereafter, the tax rate will ratchet up to 25% from 2012.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging:		
Share-based payment expense	**3,688**	36,134
Amortisation of intangibles assets (included in cost of sales)	**81,317**	33,882
Depreciation of property, plant and equipment	**23,859**	15,154
Release of prepaid lease payments	**2,443**	2,147
and after crediting:		
Gain on disposal of property, plant and equipment	**4**	—

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the year attributable to equity holders of the Company	**(101,469)**	(100,152)

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	(Note)	*(Note)*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**685,559,873**	352,250,201

Note: The weighted average number of ordinary shares has been adjusted for the effect of share consolidation.

No diluted loss per share was presented for the period ended 30 June 2009 and 2008 because the exercise of both share options and convertible notes has an anti-dilutive effect.

MANAGEMENT DISCUSSION AND ANALYSIS

A. *Overview*

During the period under review, the Group is engaged in the production and operation of shipbuilding and trading of securities. For the six months ended 30 June 2009, the Group recorded a revenue of HK$600.44 million (2008: HK$428.99 million), an increase of 39.97% over the same period of last year. The increase in revenues was due to the Group recorded six months' revenues of shipbuilding business during the period under review while it only recorded the revenues after the completion of acquisition of Inpax Group on 16 April 2008 in the corresponding period.

The half-year gross profit (before deducting the amortisation of intangible assets of HK$81.32 million (2008: HK$33.88 million) was HK$85.09 million (2008: HK$70.57 million) and gross profit margin was 14.17% (2008:16.45%). The decrease in gross profit margin was mainly due to the exchange difference arising from appreciation in the value of RMB, increasing raw materials costs and the costs of modification. The half-year other income was decreased HK$44.02 million versus the corresponding period last year to HK$1.59 million. The decrease was due to other income for the corresponding period included HK$40.11 million exchange gain resulting from the change of functional currency of the Group. The amortisation of intangible assets was increased HK$47.44 million due to it represented six months' amortisation cost during the period under review versus two and half months' amortisation cost in the corresponding period. As the Company considered that the fair value of goodwill did not have material change since 31 December 2008, there is no additional impairment loss was recognised during the period under review. It caused the decrease of impairment loss of HK$22.22 million in this period. The administrative expense was HK$35.19 million, down HK$22.73 versus the corresponding period last year. The administrative expenses in the corresponding period include a non-recurring share based payment HK$36.13 million. The Group recorded finance costs of HK$55.83 million versus HK$81.20million for the corresponding period last year, reflecting a significant decrease in imputed interest expenses. The decrease of imputed interest was due to a majority of convertible notes has been converted into shares in the second half of last year. The increase in amortisation cost and the decrease in other income were compensated by the decreases of impairment loss of goodwill, administrative expenses and finance costs. Subsequently, the Group recorded a loss attributable to shareholders of HK$101.47 million (2008: loss of HK$100.15 million) for the six months ended 30 June 2009. The loss for the period under review was slightly increased by 1.32% in comparing with the same period of last year.

B. Shipbuilding business

Before the international financial crisis in September 2008, China's Shipbuilding industry has maintained rapid growth for six years running in terms of tonnage of vessels completed and the orders for vessels in hand. After that, the industry faced a grim situation but shows signs of recovery since June 2009. The industry seems to recover gradually from its bottom.

During the period under review, the shipbuilding business generated revenue of approximately HK$600.44 million representing an increase of approximately of 39.77% as compared to approximately HK$428.99 million in the corresponding period last year. The increase in revenues was due to the Group recorded six months' revenues during the period under review while it only recorded the revenues after the completion of acquisition of Inpax Group in the corresponding period. The shipbuilding business recorded a profit before tax of HK$53.86 million (before deducting amortisation of intangible assets) representing a decrease of approximately of 23.00% as compared to approximately HK$69.95 million (before deducting amortisation of intangible assets) The decrease of average monthly revenue, the gross profit margin and the profit of shipbuilding business were due to the following factors:(i)certain modifications to the vessels were required, which defer delivery of vessels; (ii) exchange difference arising from appreciation in the value of RMB; (iii) increasing raw materials costs; and (iv) the modification costs.

As at 30 June 2009, the order in hand of the Group reached 37 vessels totalling amounted to approximately HK$8 billion, with shipbuilding work arranged to 2011 and even to 2012. The Group actively assisted the financing of ship-owners to ensure performance of secured orders. Barring unforeseen factors, the Group believed that no ship-owners, who placed orders to the Group, will cancel their orders or abandon new-built vessels.

C. Trading businesses

For the six months ended 30 June 2009, the securities trading business recorded a loss of HK$7.94 million as compared to a loss of HK14.35 million in the corresponding period last year. The loss of securities trading was mainly reflected the change in fair value of investments held. The Group did not make additional investment in securities and the metal trading business was suspended during the period under review.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2009 (2007: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

On 21 May 2009, the Company entered into a placing agreement with a placing agent for placement of 3,400,000,000 ordinary shares of HK$0.001 each of the Company on a best-efforts basis at the price of HK$0.013 per share to independent third parties. The placement was completed on 5 June 2009 and the net proceeds of the placing amounted to approximately HK$43 million.

As at 30 June 2009, the Group had cash and bank balances of approximately HK$585.18 million (31 December 2008: HK$334.80 million) in which HK$409.41 million was pledged (31 December 2008: HK$176.65 million); unsecured short term margin loan of HK$27.19 million (31 December 2008: HK$32.50 million); unsecured short term bank loan of HK$411.36 million (31 December 2008: HK$113.64 million); long term bank borrowing of HK$250.00 million (31 December 2008: HK$227.27 million); long term convertible notes payable amounted to approximately HK$392.09 million (31 December 2008: HK$421.44 million) represented liabilities component of principal amount of HK$507.55 million (31 December 2008: HK$577.00 million). The gearing ratio defined as non-current liabilities and short term loans divided by total shareholders' equity was 0.73 at 30 June 2009(31 December 2008:0.61).

CHARGES ON GROUP ASSETS

As at 30 June 2009, HK$409.41million (31 December 2008: 176.65 million) of bank deposit, HK$36.06 million (31 December 2008: 37.25 million) of prepaid lease payments and HK$784.41 million (31 December 2008: nil) of property, plant and equipment were pledged to banks for banking facilities granted by banks to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The income and expenditure of the Group were denominated in Hong Kong Dollar, United States Dollars and EURO. As at 30 June 2009, the Group does not hedge its exposure foreign exchange risk profile. The Board will consider appropriate hedging measure in future as may be necessary.

NEW BUSINESS, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARY

During the period under review, the Group disposed of a wholly owned subsidiary, namely Able King Investment Limited, and its subsidiaries to an independent third party at a consideration of HK$1,000 in June 2009. The subsidiaries disposed of did not make any significant contribution to the result or cash flows of the Group for the period. There was no other new business, material acquisitions and disposals of subsidiary in the period under review.

POST BALANCE SHEET EVENTS

As at 30 June 2009, the Group had no significant post balance sheet events.

HUMAN RESOURCES

The Group had around 1,300 employees as at 30 June 2009. It has been the Group's policy to ensure that the pay levels of its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group has participated in a mandatory provident fund scheme for its employees based in Hong Kong. Shares options may also be granted to eligible persons of the Group.

CONTINGENT LIABILITIES

At 30 June 2009, the Group has no material contingent liabilities.

CAPITAL COMMITTMENT

At 30 June 2009, the Group has capital expenditure of approximately HK$87.10 million (31 December 2008: HK$40.59 million) contracted but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment.

PROSPECTS

The Group is trying its best to cope with the financial crises. The measures include close negotiation with the ship-owners, take a more flexible attitude to prices and delivery, improve efficiency of shipbuilding, enhance the financial situation and to carry out cost measures.

Looking into the second half of 2009, the directors expected the Chinese shipbuilding industry to be recovered gradually. In July the new building transaction volume in China is 36 vessels or 1.87 million dwt, in total the month to month grow rates were 200% and 118% respectively. Facing the grim situation of shipbuilding market in the first half of the year, the Group has adjusted its strategy to intensify its effort on the special vessels markets. Based on statistics from ship-owners, the ship building price for the heavy lift vessels took a smaller hit during the financial crisis, and the demands for the medium size heavy lift vessel, one of the major type of the Group's products, are recovered healthily. It is expected that the demand for this type of vessels will over 40 in the coming five years. The Group is well-prepared to fight for the new orders in the coming months. Given the expected recovery of shipbuilding industry and strong order book, the Group expects the results of the second half of 2009 will improve.

The directors will carry out the securities trading business cautiously and adopt a prudence policy in securities investments. The metal trading business was suspended and is likely to be discontinued because the performance of this sector was poor during the past years.

The Directors will continue to reinforce the Group's financial position so that it would be fully prepared to seize suitable investment opportunities when they arise.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with most of the code provisions ("Code Provision") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") except for the deviation from Code Provision A.2.1. as the roles of the Chairman and Chief Executive Officer are not separated. On 3 February 2009, Mr. Li Ming has been appointed as the CEO of the Company. Accordingly, such deviation was remedy.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company as at the date of report comprise Mr. Hu Bai He, Ms. Xiang Si Ying, Mr. Zhang Xi Ping and Ms. Xiang Xing, all being independent non-executive directors. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 have been reviewed by the audit committee of the Company.

PUBLICATION OF INTERIM REPORT

The 2009 interim report will be dispatched to shareholders of the Company and available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.wonsonintl.com before the end of September 2009.

BOARD OF DIRECTORS

The Board of the Company as at the date of this announcement comprises Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long as executive directors, Mr. Hu Bai He, Ms. Xiang Si Ying, Mr. Zhang Xi Ping and Mr. Xiang Ying as independent non-executive directors.

By order of the Board
Chau On Ta Yuen
Chairman

Hong Kong, 18 September 2009.