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**Willie International Holdings Limited**

**威利國際控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 273)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**RESULTS**

The Board of Directors (the “Board”) of Willie International Holdings Limited (the “Company”) would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred as the “Group”) for the six months ended 30 June 2010 (the “Period”), together with the comparative figures for the six months ended 30 June 2009 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 June 2010*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	3	<b>76,140</b>	92,069
Other income		<b>398</b>	262
Depreciation and amortisation expense		<b>(14,534)</b>	(12,277)
Employee benefits expense		<b>(4,228)</b>	(5,371)
Other operating expenses		<b>(16,815)</b>	(31,614)
Losses on disposal of interests in subsidiaries	9	<b>(50,583)</b>	—
Net fair value (losses) gains on investments held for trading		<b>(156,890)</b>	60,329
Net fair value gains on investments designated as at fair value upon initial recognition		<b>2,140</b>	27,282
Share of results of associates		<b>(2,126)</b>	—
Net gains arising from changes in fair value of investment properties		<b>27,033</b>	12,091
Finance costs		<b>(4,371)</b>	(4,309)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2010</b>	<b>2009</b>
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Loss) Profit before taxation</b>	<b>(143,836)</b>	138,462
	Taxation	<u>(6,076)</u>	<u>(2,710)</u>
	<b>(Loss) Profit for the period</b>	<u><b>(149,912)</b></u>	<u>135,752</u>
	<b>Other comprehensive income</b>		
	Exchange differences on translation of foreign operation	—	235
	Translation reserve realised upon disposal of a subsidiary	<u>794</u>	<u>—</u>
		<u><b>794</b></u>	<u>235</u>
	<b>Total comprehensive (loss) income for the period</b>	<u><b>(149,118)</b></u>	<u>135,987</u>
	<b>(Loss) Profit for the period attributable to:</b>		
	Equity holders of the Company	<b>(102,780)</b>	135,752
	Non-controlling interest	<u>(47,132)</u>	<u>—</u>
		<u><b>(149,912)</b></u>	<u>135,752</u>
	<b>Total comprehensive (loss) income attributable to:</b>		
	Equity holders of the Company	<b>(102,346)</b>	135,987
	Non-controlling interest	<u>(46,772)</u>	<u>—</u>
		<u><b>(149,118)</b></u>	<u>135,987</u>
	<b>(Loss) Earnings per share — Basic and Diluted</b>	<u><b>HK\$(0.13)</b></u>	<u>HK\$0.35</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2010*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2010</b>	2009
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		<b>639,300</b>	638,773
Property, plant and equipment		<b>231,143</b>	224,805
Other investments		<b>146,430</b>	146,430
Interests in associates		<b>181,333</b>	183,459
Available-for-sale financial assets		<b>27,061</b>	27,061
Goodwill	8	<b>1,636</b>	—
Loans receivable	6	<b><u>16,895</u></b>	<u>13,849</u>
		<b><u>1,243,798</u></b>	<u>1,234,377</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>724,727</b>	886,347
Loans receivable	6	<b>394,617</b>	133,605
Other receivables		<b>344,867</b>	416,223
Cash and cash equivalents		<b><u>232,811</u></b>	<u>196,419</u>
		<b>1,697,022</b>	1,632,594
Asset classified as held for sale	7	<b><u>20,800</u></b>	<u>—</u>
		<b><u>1,717,822</u></b>	<u>1,632,594</u>
<b>Current liabilities</b>			
Other payables		<b>3,388</b>	11,496
Tax payable		<b>107</b>	688
Current portion of interest-bearing borrowings		<b><u>63,462</u></b>	<u>27,306</u>
		<b><u>66,957</u></b>	<u>39,490</u>
<b>Net current assets</b>		<b><u>1,650,865</u></b>	<u>1,593,104</u>
<b>Total assets less current liabilities</b>		<b><u>2,894,663</u></b>	<u>2,827,481</u>

	<b>Unaudited</b> <b>30 June</b> <b>2010</b> <i>HK\$'000</i>	Audited 31 December 2009 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Long-term interest-bearing borrowings	<b>330,439</b>	268,063
Deferred tax liabilities	<u><b>29,312</b></u>	<u>29,398</u>
	<u><b>359,751</b></u>	<u>297,461</u>
<b>NET ASSETS</b>	<u><b>2,534,912</b></u>	<u>2,530,020</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>102,863</b>	59,745
Reserves	<u><b>1,877,113</b></u>	<u>1,868,567</u>
Equity attributable to equity holders of the Company	<b>1,979,976</b>	1,928,312
Non-controlling interest	<u><b>554,936</b></u>	<u>601,708</u>
<b>TOTAL EQUITY</b>	<u><b>2,534,912</b></u>	<u>2,530,020</u>

Notes:

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2009. They have been prepared on the historical cost basis, except for investment properties, financial assets and financial liabilities at fair value through profit or loss, which are measured at fair value.

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2009, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable HKFRS, HKAS and Interpretations issued by the HKICPA.

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

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 interest 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 interest over the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed from the acquisition.

The Improvements to HKFRS (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.

These changes in accounting policies did not have material impact on the financial statements for the Period.

*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 adoption of the revised standard did not have material impact on the financial statements for the Period.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to reasonably estimate their impact on its results of operations and financial position.

**2. 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

### Six months ended 30 June 2010 (unaudited)

	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>
<b>Segment revenue</b>						
Turnover from external customers	53,436	6,753	15,879	—	72	76,140
Other income	<u>352</u>	<u>—</u>	<u>23</u>	<u>—</u>	<u>23</u>	<u>398</u>
Total revenue	<u>53,788</u>	<u>6,753</u>	<u>15,902</u>	<u>—</u>	<u>95</u>	<u>76,538</u>
<b>Segment results</b>	<u>(101,009)</u>	<u>2,400</u>	<u>30,183</u>	<u>(6,622)</u>	<u>(13,834)</u>	<u>(88,882)</u>
Losses on disposal of interests in subsidiaries						(50,583)
Finance costs						<u>(4,371)</u>
Loss before taxation						(143,836)
Taxation						<u>(6,076)</u>
<b>Loss for the period</b>						<u>(149,912)</u>

### Six months ended 30 June 2009 (unaudited)

	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>
<b>Segment revenue</b>						
Turnover from external customers	63,895	10,782	17,392	—	—	92,069
Other income	<u>14</u>	<u>2</u>	<u>127</u>	<u>79</u>	<u>40</u>	<u>262</u>
Total revenue	<u>63,909</u>	<u>10,784</u>	<u>17,519</u>	<u>79</u>	<u>40</u>	<u>92,331</u>
<b>Segment results</b>	<u>151,395</u>	<u>(12,729)</u>	<u>19,472</u>	<u>(2,871)</u>	<u>(12,496)</u>	142,771
Finance costs						<u>(4,309)</u>
Profit before taxation						138,462
Taxation						<u>(2,710)</u>
Profit for the period						<u>135,752</u>

An analysis of the Group's assets by operating segments is set out below:

**As at 30 June 2010 (unaudited)**

	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>	Total <i>HK\$'000</i>
Segment assets	811,969	728,313	886,325	196,284	2,622,891
Interests in associates	—	—	—	181,333	181,333
Asset classified as held for sale	—	—	20,800	—	20,800
Unallocated assets	—	—	—	—	<u>136,596</u>
Total assets					<u><u>2,961,620</u></u>

**As at 31 December 2009 (audited)**

	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>	Total <i>HK\$'000</i>
Segment assets	932,296	529,825	773,793	316,047	2,551,961
Interests in associates	—	—	—	183,459	183,459
Unallocated assets	—	—	—	—	<u>131,551</u>
Total assets					<u><u>2,866,971</u></u>

**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.

The following table sets out information about the geographical location of (i) the Group's turnover from external customers and (ii) the Group's investment properties, property, plant and equipment and other investments ("Specified Non-current Assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the Specified Non-current Assets is based on the physical location of the assets.



An analysis of the Group's turnover from external customers by geographical locations is set out below:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>74,808</b>	89,555
PRC	<u><b>1,332</b></u>	<u>2,514</u>
	<u><b>76,140</b></u>	<u>92,069</u>

An analysis of the Group's Specified Non-current Assets by geographical locations is set out below:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>1,016,873</b>	892,796
PRC	<u>—</u>	<u>117,212</u>
	<u><b>1,016,873</b></u>	<u>1,010,008</u>

### 3. TURNOVER

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net gains from the sale of investments at fair value through profit or loss*	<b>50,000</b>	60,609
Interest income from loans receivable	<b>6,753</b>	10,789
Dividend income from listed investments	<b>3,436</b>	3,279
Rental income	<u><b>15,951</b></u>	<u>17,392</u>
	<u><b>76,140</b></u>	<u>92,069</u>

\* Represents the proceeds from the sale of investments at fair value through profit or loss of HK\$511,475,000 (2009: HK\$554,858,000) less the cost of sales and carrying amount of the investments sold of HK\$461,475,000 (2009: HK\$494,249,000).

#### 4. TAXATION

No provision for Hong Kong Profits Tax has been made as the individual companies comprising the Group have no estimated assessable profits derived from Hong Kong during the Period.

In the prior period, Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising in Hong Kong.

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
PRC Enterprise Income Tax	<b>136</b>	606
Hong Kong Profits Tax	<u>—</u>	<u>(586)</u>
	<b>136</b>	20
Deferred taxation	<u><b>5,940</b></u>	<u>2,690</u>
Total tax charge for the period	<u><b>6,076</b></u>	<u>2,710</u>

#### 5. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on loss attributable to equity holders of the Company for the Period of HK\$102,780,000 (2009: profit of HK\$135,752,000) and the weighted average number of 763,437,437 ordinary shares (2009: 389,960,981 ordinary shares) in issue during the Period.

As there is an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares in the Period, the diluted loss per share for the Period is equal to the basic loss per share. The Company had no dilutive potential ordinary shares for the prior period. Accordingly, the diluted earnings per share was same as the basic earnings per share for the prior period.

## 6. LOANS RECEIVABLE

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

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2010</b>	2009
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Third parties	(a)	<b>466,220</b>	210,679
Allowance for doubtful debts	(b)	<u><b>(54,708)</b></u>	<u>(63,225)</u>
		<b>411,512</b>	147,454
Less: Balance due within one year included in current assets		<u><b>(394,617)</b></u>	<u>(133,605)</u>
Non-current portion		<u><b>16,895</b></u>	<u>13,849</u>
		<b>411,512</b>	147,454
		<b>384,213</b>	106,507
Short term loans, net of provision		<u><b>27,299</b></u>	<u>40,947</u>
Instalment loans		<u><b>411,512</b></u>	<u>147,454</u>

### *Notes:*

- (a) At the end of the Period, loans receivable (1) carry effective interest rates ranging from around 2% per annum to 12% per annum. (*As at 31 December 2009: from around 2% per annum to 12% per annum*); (2) include balances of HK\$24,725,000 which were past due over twelve months (*As at 31 December 2009: HK\$33,243,000 which were past due for over ten months*); (3) include balances of HK\$441,495,000 (*As at 31 December 2009: HK\$177,436,000*) which were within the respective maturity dates and (4) with an aggregate amount of HK\$59,241,000 (*As at 31 December 2009: HK\$57,666,000*) were secured by listed securities, properties and personal guarantees. The aggregate fair value of the pledged assets was HK\$7,899,000 at the end of the Period (*As at 31 December 2009: HK\$3,502,000*).

(b) The movement in the allowance for doubtful debts is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
At beginning of period/year	<b>63,225</b>	117,268
Increase in allowance	—	23,225
Reversal of allowance	—	(77,268)
Write-off	<u>(8,517)</u>	<u>—</u>
<b>At end of period/year</b>	<b><u>54,708</u></b>	<b><u>63,225</u></b>

The directors assessed the collectability of loans receivable at the end of the Period individually with reference to borrowers' past collection history and current creditworthiness. An amount of HK\$54,708,000 (*As at 31 December 2009: HK\$63,225,000*) in respect of three loans (*As at 31 December 2009: four loans*) was determined to be impaired as a result of the assessment. In the directors' opinion, there was no indication of deterioration in the collectability of the remaining amount of HK\$411,512,000 (*As at 31 December 2009: HK\$147,454,000*) and thus no additional allowance was considered necessary.

## 7. ASSET CLASSIFIED AS HELD FOR SALE

### Portstar Investments Limited ("Portstar")

In June 2010, Portstar, an indirect non-wholly owned subsidiary of the Company entered into an agreement with a third party for the disposal of an investment property in Hong Kong at a cash consideration of HK\$20,800,000. As at 30 June 2010, the fair value of this investment property was HK\$20,800,000. The disposal of this investment property was completed in July 2010.

The asset has been included in the condensed consolidated statement of financial position as asset classified as held for sale. The carrying amount of the asset as at 30 June 2010 is as follows:

	<b>Unaudited</b>
	<b>30 June</b>
	<b>2010</b>
	<b>HK\$'000</b>
Asset classified as held for sale	
Investment property	<u><b>20,800</b></u>

## 8. ACQUISITION OF SUBSIDIARIES

During the Period, the Group acquired the entire equity interests in the following companies:

Acquisition date	Name of acquired companies	Place of incorporation	Principal activities	Cash consideration <i>HK\$'000</i>
4 June 2010	International Stamps & Coins Auction Limited	Hong Kong	Property holding	1,500
28 June 2010	Sunny Soar Investments Limited (with its subsidiaries, Wise Sky Ltd., Freeman Investment Holdings Limited, Global Day Limited, Sharp Castle Limited and Victory Good Limited)	British Virgin Islands	Property investment and investment holding	52,000

The aggregate fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the dates of acquisition and their carrying value determined in accordance with HKFRS immediately before acquisition are as follows:

	Carrying value <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Investment properties	54,589	51,000
Property, plant and equipment	7	1,363
Other receivables	891	891
Other payables	(490)	(490)
Deferred tax liabilities	<u>(900)</u>	<u>(900)</u>
	<u>54,097</u>	51,864
Goodwill on acquisition		<u>1,636</u>
Total consideration		<u>53,500</u>
Satisfied by:		
Cash		<u>53,500</u>
Net cash outflow on acquisition of subsidiaries		
Cash consideration		<u>(53,500)</u>

Since the acquisition, the acquired subsidiaries made no significant contribution to the revenue and results of the Group.

## 9. DISPOSAL OF SUBSIDIARIES

Net assets (liabilities) disposed of:

	<i>HK\$'000</i>
Investment property	117,173
Property, plant and equipment	35
Other receivables	438
Cash and cash equivalents	636
Other payables	(885)
Tax payable	(582)
Deferred tax liabilities	<u>(6,926)</u>
	<b>109,889</b>
Release of translation reserve	794
Losses on disposal of interests in subsidiaries	<u>(50,583)</u>
Total consideration	<u><b>60,100</b></u>
Satisfied by:	
Shares (Classified as financial assets at fair value through profit or loss)	60,000
Cash	<u>100</u>
	<u><b>60,100</b></u>

Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	100
Cash and cash equivalents disposed of	<u>(636)</u>
Net outflow of cash and cash equivalents	<u><b>(536)</b></u>

In March 2010, the Group entered into a share purchase agreement with a third party, Forefront Group Limited (“Forefront”), to dispose of 100% issued share capital of Perfect Time Investments Limited (“Perfect Time”), an indirect non-wholly owned subsidiary of the Company, and its wholly-owned subsidiary, Jet Star Industries Limited (“Jet Star”) (collectively the “Perfect Time Group”), at an agreed consideration which was to be satisfied by the issuance of 400,000,000 ordinary shares of Forefront at completion date.

The fair value of shares on the completion date was HK\$60,000,000.

## 10. EVENTS AFTER REPORTING PERIOD

In addition to the events happened after the reporting period and disclosed elsewhere in these condensed consolidated financial statements, a summary of events happened after the reporting period is set out below:

- (i) In June 2010, an indirect non-wholly owned subsidiary of the Company entered into a sale contract with a third party to acquire a rural land located in New South Wales of Australia at a cash consideration of AUD3,680,000 (approximates to HK\$25,208,000). A deposit of HK\$6,678,000 has been paid in June 2010. The transaction was completed in July 2010.
- (ii) In June 2010, an indirect non-wholly owned subsidiary of the Company entered into a sale and purchase agreement with a third party for the acquisition of an investment property in Hong Kong at cash consideration of HK\$16,100,000. An initial deposit of HK\$1,610,000 was paid in June 2010. The transaction was completed in August 2010.
- (iii) In August 2010, the Company entered into a placing agreement with a placing agent to procure, on a best effort basis, places to subscribe in cash for a maximum of 205,724,971 placing shares at HK\$0.165 per placing share at any time during the placing period. Further details of the placing of new shares are set out in the announcement of the Company dated 3 August 2010. The placing was completed in August 2010 and total 205,724,971 placing shares were issued.
- (iv) In August 2010, a direct non-wholly owned subsidiary of the Company entered into a conditional agreement with a third party to dispose of 100% issued share capital of Winport Limited (“Winport”), an indirect non-wholly owned subsidiary of the Company incorporated in British Virgin Islands, and its wholly-owned subsidiary, Radford Portfolio Management Limited (“Radford”), at a total cash consideration of HK\$36,000,000. Winport is principally engaged in investment holding. Radford is principally engaged in property investment for rental purpose. Further details of the disposal of these subsidiaries are also set out in the announcement of the Company dated 19 August 2010.

## CHAIRMAN’S STATEMENT

### INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2010 (2009: Nil).

### RESULTS

During the six months ended 30 June 2010, the Group reported a turnover of approximately HK\$76 million compared with approximately HK\$92 million for the corresponding period of 2009. The decrease in turnover of approximately HK\$16 million or 17.4% was mainly attributable to the decrease in net gains from the sale of investments of approximately HK\$11 million and interest income of approximately HK\$4 million.

Due to the slow recovery in the global economies and plummet in investor confidence in the second quarter of 2010, the Hang Seng Index in the Hong Kong stock market fell by approximately 8% (2009: up by 27.8%) to about 20,130 points. The Group recorded a consolidated loss of approximately HK\$150 million for the Period (2009: consolidated profit of approximately HK\$136 million). The loss mainly comprised net gains from the sale of investments of approximately HK\$50 million (2009: approximately HK\$61 million), net fair value losses on financial assets at fair value through profit or loss of approximately HK\$155 million (2009: net fair value gains of approximately HK\$88 million) and non-recurring losses on disposal of interests in subsidiaries of approximately HK\$51 million (2009: Nil). Basic loss per share for the Period was HK\$0.13 compared to basic earnings per share of HK\$0.35 for the corresponding period of 2009.

## **BUSINESS REVIEW AND PROSPECTS**

During the Period under review, the Group took a conservative approach in its investment portfolio. With the slowdown in stock market growth and further weakening of investor sentiment in the second quarter of 2010, the securities trading portfolio reported a loss of approximately HK\$101 million during the Period of which approximately HK\$155 million was related to net fair value losses.

Our property investment portfolio reported a profit of approximately HK\$30 million of which approximately HK\$27 million came from net fair value gains of investment properties. To consolidate the property portfolio in high quality and properties with investment potentials, the Group acquired the entire of 21st and 23rd floors 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 a residential property in Cyberport. Except for the PRC property which was satisfied by consideration shares, all the considerations were satisfied by cash. Apart from the acquisition and disposal of residential properties and the acquisition of the rural land which were completed in July and August 2010, others were completed during the Period.

The money lending portfolio maintained a stable interest income and earned a profit of approximately HK\$2 million during the Period.

While the economy is still recovering although in a pace slower than originally anticipated and with an occasional jitter through the financial markets, the U.S. government and governments around the world are taking measures to regulate



financial institutions and stabilise financial markets. We believe that general economic conditions will improve over time. The management will continue to take actions as necessary to manage through the current economic situation and to improve our operations for the long-term.

## FINANCIAL REVIEW

### Liquidity

During the Period, apart from additions through acquisition of subsidiaries, the Group invested approximately HK\$20 million in property, plant and equipment and approximately HK\$60 million in investment properties, of which HK\$38 million was financed from bank borrowings with the rest from internal resources. The Group also obtained additional bank borrowings of approximately HK\$45 million and other unsecured loan of HK\$30 million and repaid approximately HK\$15 million bank loans during the Period.

As at 30 June 2010, the Group had secured bank borrowings amounted to approximately HK\$364 million and other unsecured loan of HK\$30 million (*as at 31 December 2009: bank borrowings of approximately HK\$295 million and no other unsecured loan*), of which approximately 16%, 9%, 23% and 52% (*as at 31 December 2009: approximately 9%, 9%, 25% and 57% respectively*) are repayable within one year, in the second year, between the third and fifth years and over five years respectively. The Group's bank borrowings carried floating interest rates which were calculated with reference to prime rate and HIBOR whereas other unsecured loan carried a fixed interest rate. 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.

As at 30 June 2010, the Group's total equity amounted to approximately HK\$2,535 million, a rise of 0.2% as compared with approximately HK\$2,530 million as at 31 December 2009. The Group had net current assets of approximately HK\$1,651 million including cash and cash equivalents of approximately HK\$233 million as compared to approximately HK\$1,593 million including cash and cash equivalents of approximately HK\$196 million as at 31 December 2009. The Group continued to maintain a single-digit gearing ratio of 6.4% (computed on the basis of net borrowings to total equity) and current ratio of 25.7 times as compared to 3.9% and 41.3 times respectively as at 31 December 2009.

## **Capital Resource**

During the Period, the Company completed two share placements for approximately 371 million ordinary shares at the price of HK\$0.45 and HK\$0.255 per share in March and June 2010 respectively for the aggregate net proceeds of approximately HK\$130 million. 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 fully exercised thus raising an additional capital of approximately HK\$22 million during the same month.

Subsequent to the reporting period, the Company successfully placed approximately 206 million ordinary shares at a price of HK\$0.165 per share raising the net proceeds of approximately HK\$33 million for general working capital purpose.

## **PLEDGE OF ASSETS**

As at 30 June 2010, certain assets of the Group with an aggregate carrying value of approximately HK\$816 million (*as at 31 December 2009: approximately HK\$684 million*) have been pledged to banks to secure general banking facilities granted to the Group. In addition, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK\$725 million (*as at 31 December 2009: approximately HK\$886 million*) were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which were not utilised at the end of the Period (*as at 31 December 2009: approximately HK\$4 million was utilised*).

## **CAPITAL EXPENDITURE COMMITMENT**

As at 30 June 2010, the Group had capital expenditure commitment in respect of acquisition of property, plant and equipment and investment properties contracted but not provided for (net of deposit paid) in the condensed consolidated financial statements amounting to approximately HK\$35 million (*as at 31 December 2009: approximately HK\$62 million*).

## **CONTINGENT LIABILITIES**

As at 30 June 2010, the Group had no material contingent liabilities.

## **EMPLOYEES**

As at 30 June 2010, the Group employed 29 employees (*as at 31 December 2009: 29 employees*). 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 SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **AUDIT COMMITTEE**

The Company established the audit committee (“Audit Committee”) in January 2003 and written terms of reference were formulated. The Audit Committee comprises three independent non-executive directors, namely Mr. Cheung Wing Ping (Chairman of the Audit Committee), Mr. Wen Louis and Mr. Yau Yan Ming, Raymond. The primary duties of the Audit Committee are, among other matters, to communicate with the management of the Company; and to review the accounting principles and practices, internal control systems, interim and annual results of the Group.

The Group’s interim results for the six months ended 30 June 2010 have been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

The Company established the remuneration committee (“Remuneration Committee”) in June 2005. The primary duties of the Remuneration Committee are to review and make recommendation for the remuneration package of directors and senior management of the Company. The Remuneration Committee comprises one executive director, namely, Mr. Wong Ying Seung, Asiong (Chairman of the Remuneration Committee), and two independent non-executive directors, namely, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.

## **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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the Period.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' 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 required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the Company's website at <http://www.willie273.com> and the website of The Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>. The 2010 interim report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

## **APPRECIATION**

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

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

Hong Kong, 30 August 2010

*As at the date of this announcement, the Board comprises four executive directors, namely, Dr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin, and four independent non-executive directors, namely, Mr. Cheung Wing Ping, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.*