WILLIE INTERNATIONAL

Willie International Holdings Limited
威利國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

RESULTS

The board of directors (the "Board") of Willie International Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred as the "Group") for the six months ended 30 June 2012 (the "Period"), together with the comparative figures for the six months ended 30 June 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**(14,614)**	(9,623)
Other income		**9,423**	5,356
Employee benefits expenses		**(4,998)**	(4,484)
Depreciation		**(647)**	(1,277)
Allowance of doubtful debts, net	*11(b)*	**(916)**	—
Impairment loss on listed equity investments classified under available-for-sale financial assets	*8(a)*	**(57,554)**	—
Impairment loss on unlisted equity investments classified under available-for-sale financial assets	*8(c)*	**(11,957)**	—
Gain on disposal of interest in a subsidiary	*13*	**4,916**	—
Loss on deemed disposal of interest in associates	*7*	**(12,788)**	(11,539)
Loss on disposal of property, plant and equipment		**(36)**	—
Net fair value loss on investments held for trading		**(103,147)**	(117,943)

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Net fair value gain (loss) on investments designated as at fair value upon initial recognition		**2,515**	(9,082)
Net gain arising from changes in fair value of investment properties		**272**	—
Other operating expenses		**(4,460)**	(10,095)
Finance costs		**(279)**	(7)
Share of results of associates		**17,325**	(3,866)
Loss before taxation		**(176,945)**	(162,560)
Taxation	*4*	**—**	—
Loss for the period		**(176,945)**	(162,560)
Other comprehensive loss:			
Derecognition of foreign currency translation reserve due to deemed disposal of associates		**148**	—
Net fair value loss on available-for-sale financial assets		**(91,176)**	—
Reclassification to profit or loss upon impairment of available-for-sale financial assets	*8(a)*	**57,554**	—
Other comprehensive loss for the period		**(33,474)**	—
Total comprehensive loss for the period		**(210,419)**	(162,560)
Loss for the period attributable to:			
Equity holders of the Company		**(176,981)**	(162,297)
Non-controlling interests		**36**	(263)
		(176,945)	(162,560)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(210,455)**	(162,297)
Non-controlling interests		**36**	(263)
		(210,419)	(162,560)
			(Restated)
Loss per share			
— Basic and Diluted	*5*	**HK$(2.23)**	HK$(12.90)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
Non-current assets			
Property, plant and equipment		**1,862**	2,597
Investment properties		**8,900**	—
Interest in associates	*7*	**—**	567,829
Available-for-sale financial assets	*8*	**651,633**	104,717
Other investments		**4,580**	4,580
Deposits for acquisition of investment properties		**—**	830
Loans receivable	*11*	**2,370**	3,051
		669,345	683,604
Current assets			
Financial assets at fair value through profit or loss	*9*	**867,110**	711,170
Notes receivable	*10*	**28,760**	—
Loans receivable	*11*	**23,120**	79,955
Other receivables		**15,167**	16,107
Cash and cash equivalents		**46,666**	335,623
		980,823	1,142,855
Current liabilities			
Financial liabilities at fair value through profit or loss	*10*	**7,887**	—
Other payables		**500**	3,016
Tax payable		**316**	316
Interest-bearing borrowings		**38,283**	33,311
		46,986	36,643
Net current assets		**933,837**	1,106,212
NET ASSETS		**1,603,182**	1,789,816
Capital and reserves			
Share capital	*12*	**8,364**	7,274
Reserves		**1,594,818**	1,785,309
Equity attributable to equity holders of the Company		**1,603,182**	1,792,583
Non-controlling interests		**—**	(2,767)
TOTAL EQUITY		**1,603,182**	1,789,816

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012 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 consolidated financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011. 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 and certain available-for-sale financial assets, 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 annual financial statements for the year ended 31 December 2011. The adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior years.

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 purpose of resources allocation and assessment of segment performance.

Operating segments of the Group comprise the following:

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

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reporting segments with reference to turnover generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by operating segment:

	Trading of investments *HK$'000*	Provision of financial services *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2012 (unaudited)						
Segment revenue						
Turnover	**(18,364)**	**3,651**	**99**	**—**	**—**	**(14,614)**
Segment results	**(111,430)**	**2,666**	**332**	**(69,350)**	**(8,337)**	**(186,119)**
Gain on disposal of interest in a subsidiary	**—**	**—**	**—**	**4,916**	**—**	**4,916**
Loss on deemed disposal of interest in associates	**—**	**—**	**—**	**(12,788)**	**—**	**(12,788)**
Finance costs	**(279)**	**—**	**—**	**—**	**—**	**(279)**
Share of results of associates	**—**	**—**	**—**	**17,325**	**—**	**17,325**
Loss before taxation						**(176,945)**
Taxation	**—**	**—**	**—**	**—**	**—**	**—**
Loss for the period						**(176,945)**
For the six months ended 30 June 2011 (unaudited)						
Segment revenue						
Turnover	(17,608)	4,266	—	3,719	—	(9,623)
Segment results	(141,727)	4,268	—	4,271	(13,960)	(147,148)
Loss on deemed disposal of interest in associates	—	—	—	(11,539)	—	(11,539)
Finance costs	(7)	—	—	—	—	(7)
Share of results of associates	—	—	—	(3,866)	—	(3,866)
Loss before taxation						(162,560)
Taxation	—	—	—	—	—	—
Loss for the period						(162,560)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in both periods.

Segment results represent the results achieved by each segment without allocation of central administration costs including directors' emoluments. This is the measure method reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below.

	Trading of investments	**Provision of financial services**	**Property investment**	**Investment holding**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2012 (unaudited)					
Assets					
Segment assets	**904,150**	**30,898**	**8,930**	**688,773**	**1,632,751**
Unallocated assets	**—**	**—**	**—**	**—**	**17,417**
Total assets					**1,650,168**
Liabilities					
Segment liabilities	**(38,393)**	**(88)**	**(70)**	**(8,308)**	**(46,859)**
Unallocated liabilities	**—**	**—**	**—**	**—**	**(127)**
Total liabilities					**(46,986)**
At 31 December 2011 (audited)					
Assets					
Segment assets	822,090	83,767	830	330,843	1,237,530
Interest in associates	—	—	—	567,829	567,829
Unallocated assets	—	—	—	—	21,100
Total assets					1,826,459
Liabilities					
Segment liabilities	(33,413)	(291)	(42)	(2,159)	(35,905)
Unallocated liabilities	—	—	—	—	(738)
Total liabilities					(36,643)

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:

	Unaudited Six months ended 30 June **2012** ***HK$'000***	 2011 *HK$'000*
Net loss from the sale of investments at fair value through profit or loss*	**(20,985)**	(20,808)
Interest income from loans and other receivables	**3,651**	7,986
Dividend income from listed investments	**2,621**	3,199
Rental income	**99**	—
	(14,614)	(9,623)

* Represents the proceeds from the sale of investments at fair value through profit or loss of HK$115,741,000 *(2011: HK$329,136,000)* less the cost of sales and carrying amount of the investments sold of HK$136,726,000 *(2011: HK$349,944,000)*.

4. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits derived from Hong Kong for both periods.

5. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity holders of the Company for the Period of HK$176,981,000 *(2011: HK$162,297,000)* and the weighted average number of 79,271,080 *(2011 (restated): 12,578,360)* ordinary shares in issue during the Period.

The Company had no dilutive potential ordinary shares for both periods. Accordingly, the diluted loss per share was same as the basic loss per share for both periods.

The calculations of the basic and diluted loss per share for the current period have been adjusted for the share consolidation effected in August 2012 and the comparative amounts have been adjusted for the share consolidations effected in December 2011 and August 2012.

6. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the Period *(2011: nil)*.

7. INTEREST IN ASSOCIATES

	Unaudited 30 June 2012	Audited 31 December 2011
	HK$'000	*HK$'000*
Share of net assets	**—**	567,829

As at 31 December 2011, the Company held 24.35% of interest in Cordoba Homes Limited ("Cordoba") and its subsidiaries ("Cordoba Group").

In mid-April 2012, Cordoba underwent a reorganisation under which each of the then shareholders of Cordoba exchanged its Cordoba shares for the same number of shares in HEC Capital Limited ("HEC"), a special purpose vehicle formed as the holding company of Cordoba. Immediately after the reorganisation, the Company's 24.35% direct equity interest in Cordoba changed to 24.35% equity interest in HEC, representing also 24.35% indirect equity interest in Cordoba. At the end of April 2012, HEC issued further shares to other investors. As a result, the Company's shareholding in HEC was diluted to 14.72% resulting in a loss of HK$12,788,000 on deemed disposal of associates and since then, HEC has been reclassified as an available-for-sale financial asset of the Company.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		Unaudited 30 June 2012	Audited 31 December 2011
	Notes	***HK$'000***	*HK$'000*
Equity investments, listed in Hong Kong, at fair value	*(a)*	**59,166**	64,505
Club memberships, at cost		**13,920**	13,920
Unlisted equity investments, at cost	*(b)*	**594,512**	32,100
Provision for impairment loss	*(c)*	**(15,965)**	(5,808)
		578,547	26,292
		651,633	104,717

Notes:

(a) There was a significant decline in the market value of one of the listed equity securities during the Period. The directors consider that such a decline indicated the value of such listed equity securities having been impaired and the fair value loss of HK$57,554,000 previously reported in the available-for-sale financial assets revaluation reserve is reclassified to profit or loss as a reclassification adjustment.

(b) Included in the unlisted equity investments as at 30 June 2012 were the Group's interest in 21% *(at 31 December 2011: 21%)* of the nominal value of the issued non-voting, redeemable participating share capital of VMS Private Investment Partners VI Limited ("VMS") and the Company's 14.01% equity interest in HEC. Subsequent to the deemed disposal of HEC as mentioned in note 7 to the interim condensed consolidated financial statements, HEC had issued further shares resulting in further dilution of the Company's equity interest in HEC from 14.72% to 14.01% as at 30 June 2012.

(c) The movement in the provision for impairment loss is as follows:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
At beginning of reporting period	**5,808**	—
Increase in provision	**11,957**	5,808
Derecognition arising from disposal of a subsidiary	**(1,800)**	—
At end of reporting period	**15,965**	5,808

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Analysis of financial assets at fair value through profit or loss:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Investments held for trading		
Equity securities		
Listed in Hong Kong	**711,269**	588,674
Listed overseas	**10,109**	16,417
Bonds listed overseas	**34,987**	33,513
	756,365	638,604
Investments designated as at fair value upon initial recognition		
Unlisted derivative financial instruments	**33,546**	1,524
Unlisted bonds	**6,416**	4,955
Unlisted convertible bonds	**70,783**	66,087
	110,745	72,566
	867,110	711,170

At the end of the reporting period, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of HK$867,110,000 *(at 31 December 2011: HK$711,170,000)* are pledged to certain financial institutions and securities brokers to secure certain margin financing and loan facilities amounted to HK$450,621,000 *(at 31 December 2011: HK$355,671,000)* granted to the Group which are utilised with the amount of HK$38,283,000 *(at 31 December 2011: HK$33,311,000)* at the end of the reporting period.

10. NOTES RECEIVABLE

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Unlisted unsecured notes:		
Liability component	**28,760**	—
Option derivatives, at fair value*	**(7,887)**	—
	20,873	—

* Classified under financial liabilities at fair value through profit or loss

In March 2012, the Company entered into a note purchase agreement with an independent third party to purchase 2.5% unsecured notes in an aggregate principal amount of HK$30 million ("Notes") issued by Mascotte Holdings Limited ("Mascotte"), a company listed in Hong Kong, at a consideration of HK$20,483,304 which was satisfied by way of allotment and issue of 108,953,747 ordinary shares of the Company on the completion date in March 2012.

The Notes will be repaid on the second anniversary of its issue date, 4 January 2012, or if Mascotte elects in its discretion to extend the terms of the Notes, on the seventh anniversary of its issue date (the "Maturity Date"). Mascotte may redeem the Notes in whole or in part, at 100% of the principal amount of the Notes plus all interest accrued up to the date of redemption (the "Redemption Price"), at any time before the Maturity Date. The holder of the Notes are entitled to require Mascotte to redeem all (but not part only) of the Notes at the Redemption Price within 30 days following (i) a change of control of Mascotte as specified in the Notes or (ii) a delisting of the shares of Mascotte from the Stock Exchange.

The Notes contain liability component and options component which include option to early redemption (early redemption option) by Mascotte or the Company and extension of the terms of the Notes (extension option) by Mascotte.

The fair value of the option derivatives of the Notes has been determined by Roma Appraisal Limited, an independent qualified professional valuer, using Black-Scholes option pricing model.

As the events which trigger the Company to require Mascotte for early redemption are remote, the fair value of this option derivative is minimal. As the early redemption option derivative and extension option derivative are not closely related to the host contract, they are measured at fair value with change in fair value recognised in profit or loss. During the Period, a fair value loss of HK$570,000 was recognised in profit or loss. As at 30 June 2012, the option derivatives represent the fair values of early redemption option and extension option amounting to HK$566,000 and HK$7,321,000 respectively. The liability component was initially recognised at fair value at an effective interest rate of 5.77% per annum and was subsequently measured at amortised cost, using the effective interest method.

11. LOANS RECEIVABLE

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

	Notes	**Unaudited 30 June 2012 *HK$'000***	Audited 31 December 2011 *HK$'000*
Third parties	*(a)*	**46,677**	103,277
Allowance for doubtful debts, net	*(b)*	**(21,187)**	(20,271)
		25,490	83,006
Less: Balances due within one year included in current assets		**(23,120)**	(79,955)
Non-current portion		**2,370**	3,051
Short term loans, net of provision		**17,099**	78,724
Instalment loans		**8,391**	4,282
		25,490	83,006

Notes:

(a) At the end of the reporting period, loans receivable (i) carry at variable and fixed interest rates and have effective interest rates ranging from around 6% to 24% per annum *(at 31 December 2011: from around 6% to 24% per annum)*; (ii) include balances of HK$21,187,000 *(at 31 December 2011: HK$4,168,000)* which are past due within one year; (iii) include balances of HK$25,490,000 *(at 31 December 2011: HK$99,109,000)* which are within the respective maturity dates; and (iv) include an aggregate amount of HK$25,412,000 *(at 31 December 2011: HK$11,572,000)* which are secured by personal guarantees and share charges of various private companies.

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

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
At beginning of reporting period	**20,271**	—
Increase in allowance	**10,916**	20,271
Reversal of allowance	**(10,000)**	—
	916	20,271
At end of reporting period	**21,187**	20,271

12. SHARE CAPITAL

	Number of ordinary shares	Nominal value *HK$'000*
Authorised ordinary shares:		
At 31 December 2011 and 1 January 2012 (audited) and **30 June 2012, of HK$0.01 each (unaudited)**	**2,000,000,000**	**20,000**

	Number of ordinary shares	Nominal value *HK$'000*
Issued and fully paid:		
At 1 January 2011, of HK$0.10 each (audited)	1,480,349,830	148,035
First capital reorganisation	(1,184,279,864)	(145,074)
Issue of shares under rights issue	2,368,559,728	23,685
Repurchase of shares	(2)	—
Second capital reorganisation	(2,179,074,948)	(21,791)
Placing of shares	187,426,671	1,874
Issue of shares under share option scheme	54,476,873	545
At 31 December 2011 and 1 January 2012, of HK$0.01 each (audited)	**727,458,288**	**7,274**
Issue of consideration shares *(note)*	**108,953,747**	**1,090**
At 30 June 2012, of HK$0.01 each (unaudited)	**836,412,035**	**8,364**

Note:

In March 2012, the Company allotted and issued 108,953,747 ordinary shares to an independent third party for the purchase of 2.5% unsecured notes in an aggregate principal amount of HK$30 million issued by Mascotte. The market price of the Company's share as at the issue date was HK$0.194.

13. DISPOSAL OF A SUBSIDIARY

During the Period, the Group disposed of its entire beneficial equity interests in a non-wholly owned subsidiary, China Energy Worldwide Investment Limited at a nominal cash consideration of HK$1 to an independent third-party individual investor. The details are as follows:

	HK$'000
Net liabilities disposed of:	
Available-for-sale financial assets	**8,300**
Loan and other payables*	**(15,947)**
Non-controlling interests	**2,731**
Net liabilities	**(4,916)**
Gain on disposal	**4,916**
Consideration	**—**

* Included in loan and other payables was a loan of HK$15,167,000 payable to Sun Willie Financing Limited, a subsidiary of the Group, of which HK$10,321,000 *(2011: nil)* subsequent to the disposal of this subsidiary was impaired by the Group.

14. EVENTS AFTER THE REPORTING PERIOD

(a) At the extraordinary general meeting of the Company held on 20 August 2012, respective resolutions in respect of the capital reduction (reducing the nominal value of all the issued and unissued shares from HK$0.01 to HK$0.001 each) and share consolidation (consolidated ten shares into one adjusted share) ("Capital Reorganisation"), the increase in authorised share capital and the adoption of new memorandum and articles of association of the Company were duly passed and approved by the shareholders.

In order to facilitate the share consolidation, the Company repurchased five shares on the market at HK$0.119 each in July 2012 and the issued share capital of the Company was reduced by HK$0.05. Upon the Capital Reorganisation becoming effective on 21 August 2012, the authorised share capital of the Company was reduced from HK$20,000,000 to HK$2,000,000 divided into 200,000,000 adjusted shares of HK$0.01 each and the issued share capital of the Company was reduced from HK$8,364,120.30 to HK$836,412.03 divided into 83,641,203 adjusted shares of HK$0.01 each, giving rise to a total credit of HK$7,527,708.27 which will, in its entirety, be credited to the share premium account of the Company. Immediately after the Capital Reorganisation, the authorised share capital of the Company was increased from HK$2,000,000 to HK$20,000,000 divided into 2,000,000,000 adjusted share of HK$0.01 each by creation of an additional 1,800,000,000 adjusted shares of HK$0.01 each.

(b) In June 2012, the Company filed a petition to the High Court of the Hong Kong Special Administration Region, Court of First Instance, confirming the proposed reduction of the amount standing to the credit of the Company's share premium accounts to the extent of approximately HK$1,322 million for the purpose of eliminating the Company's accumulated losses for the year ended 31 December 2010. The petition is directed to be heard before the High Court on 4 September 2012.

CHAIRMAN'S STATEMENT

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period *(2011: nil)*.

RESULTS

During the Period, the Group reported a negative turnover of approximately HK$15 million compared with an approximately HK$10 million for the corresponding period of 2011. The decrease in turnover was mainly attributable to the decrease in interest income resulting from the lower average loan balances in the first half year of 2012.

The Group reported a loss of approximately HK$177 million *(2011: approximately HK$162 million)* attributable to shareholders for the Period. The loss mainly comprised net loss from sale of investments and net fair value loss on trading investment held of approximately HK$21 million and HK$101 million *(2011: approximately HK$21 million and HK$127 million)* respectively and also the impairment loss on available-for-sale investments of approximately HK$70 million *(2011: nil)*. Loss per share for the Period was HK$2.23 after adjusting the share consolidation effected in August 2012 *(2011 (restated): HK$12.90 after adjusting the share consolidations effected in December 2011 and August 2012)*.

BUSINESS REVIEW AND PROSPECTS

The global economy continues to be clouded by the Eurozone debt problems and worries of a hard landing for the Mainland economy. Hinged on these uncertainties and risks, the securities trading segment reported a loss of approximately HK$111 million including approximately HK$101 million on net fair value loss while the investment holding segment reported a loss of approximately HK$69 million including the impairment loss on available-for-sale investments of approximately HK$70 million.

For the property investment segment, the Group has generated rental income since April 2012. The segment reported a profit of approximately HK$0.33 million during the Period including the net fair value gain on investment properties of approximately HK$0.27 million.

The money lending business generated an interest income of approximately HK$4 million and contributed a profit of approximately HK$3 million.

In mid-April 2012, Cordoba Homes Limited ("Cordoba") underwent a reorganisation under which each of the then shareholders of Cordoba exchanged its Cordoba shares for the same number of shares in HEC Capital Limited ("HEC"), a special purpose vehicle formed as the holding company of Cordoba. Immediately after the reorganisation, the Company's 24.35% direct equity interest in Cordoba changed to 24.35% equity interest in HEC, representing also 24.35% indirect equity interest in Cordoba. At the end of April 2012, HEC issued further shares to other investors. As a result, the Company's shareholding in HEC was diluted to 14.72% resulting in a loss of HK$12,788,000 on deemed disposal of associates and since then, HEC has been reclassified as an available-for-sale financial asset of the Company. Subsequent to the deemed disposal of HEC, HEC had issued further shares to enlarge its capital base and the Group's equity interest in HEC stood at 14.01% as at 30 June 2012. During the Period, the Group gained the share of associates' profit of approximately HK$17 million mainly attributable to net gain arising from changes in fair value of investment properties of the associates.

During the Period, the Company completed the subscription of 188,548,057 shares of Freeman Financial Corporation Limited ("Freeman"), a Hong Kong listed company, (representing approximately 16.67% of its enlarged share capital by that time) to start developing strategic alliance by cross-shareholding.

As the progress of the construction of manufacturing factory for LNG-driven heavy-duty truck and the commencement of construction and operation of LNG refueling stations did not meet the Group's expectation, the Group exited from the LNG project by disposing of the beneficial interest in a non-wholly owned subsidiary (namely, China Energy Worldwide Investment Limited) with net liabilities at a nominal consideration of HK$1 to an independent third-party individual investor during the Period and the Group has become a major creditor of this ex-subsidiary. While the net liabilities of this subsidiary resulted in a gain on disposal of approximately HK$5 million, the Group provided for allowance of doubtful debt of approximately HK$10.3 million for this ex-subsidiary after assessment of the repayment ability of this ex-subsidiary, its shareholders and the guarantors. Taking account of this specific allowance of doubtful debt, the net exit cost to the Group was approximately HK$5.3 million in return for containing the investment risks and releasing the capital expenditure commitments associated with the LNG project.

Since the end of the Period, the Company with shareholders' approval completed a capital reorganisation in August 2012 mainly for the purpose of adjusting the level of trading price of the shares of the Company to become more attractive to the general investors including the institutional investors.

In light of the global economy, the Company will take a cautious and conservative approach in the evaluation and timing of potential projects or investments.

FINANCIAL REVIEW

Liquidity and Capital Resource

During the Period, the Company issued 108,953,747 new shares to an independent third party for the purchase of 2.5% unsecured notes in an aggregate principal amount of HK$30 million.

In June 2012, the Company filed a petition to the High Court of the Hong Kong Special Administration Region, Court of First Instance, confirming the proposed reduction of the amount standing to the credit of the Company's share premium accounts to the extent of approximately HK$1,322 million for the purpose of eliminating the Company's accumulated losses for the year ended 31 December 2010. The petition is directed to be heard before the High Court on 4 September 2012.

As at 30 June 2012, the Group's total equity amounted to approximately HK$1,603 million, a drop of 10.4% as compared with approximately HK$1,790 million as at 31 December 2011. The Group had net current assets of approximately HK$934 million including cash and cash equivalents of approximately HK$47 million as compared to approximately HK$1,106 million including cash and cash equivalents of approximately HK$336 million as at 31 December 2011. As at 30 June 2012, the bank loans of approximately HK$38 million (*at 31 December 2011: approximately HK$33 million)* carrying fixed interest rates of about 1% (*at 31 December 2011: 1%*) per annum were denominated in US dollars and repayable within one year (*at 31 December 2011: within one year*) with a repayment on demand clause. The Group continued to maintain zero gearing ratio with a healthy current ratio of 21 times as compared to 31 times as at 31 December 2011.

Material Acquisition

In March 2012, pursuant to the share subscription agreement dated 30 September 2011, the Company subscribed 188,548,057 shares of Freeman at a total subscription price of approximately HK$48 million, which was funded by net proceeds from share placement to Freeman completed in December 2011. In April 2012, the Group subscribed 420,686,114 Freeman rights shares at a total subscription price of approximately HK$42 million, which was funded by internal resource.

PLEDGE OF ASSETS

As at 30 June 2012, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$867 million *(as at 31*

December 2011: approximately HK$711 million) were pledged to certain financial institutions and securities brokers to secure certain margin financing and loan facilities amounted to approximately HK$451 million *(as at 31 December 2011: approximately HK$356 million)* granted to the Group which were utilised with the amount of approximately HK$38 million *(as at 31 December 2011: approximately HK$33 million)* at the end of the Period.

CAPITAL EXPENDITURE COMMITMENTS

As at 30 June 2012, the Group had capital expenditure commitments contracted but not provided for (net of deposit paid) in the interim condensed consolidated financial statements amounting to approximately HK$ 0.1 million *(as at 31 December 2011: approximately HK$112 million)*.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group had provided corporate guarantees for banking facilities amounting approximately HK$199 million *(as at 31 December 2011: approximately HK$342 million)* granted to Cordoba Group which were utilised to the extent of approximately HK$168 million *(as at 31 December 2011: approximately HK$278 million)*. In respect of the provision of these corporate guarantees, the Group earned corporate guarantee fee of approximately HK$2 million *(2011: approximately HK$2 million)* during the Period.

EMPLOYEES

As at 30 June 2012, the Group employed 23 *(as at 31 December 2011: 24)* employees excluding directors. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme.

PURCHASE, SALE OR REDEMPTION OF 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 five independent non-executive directors, namely Mr. Cheung Wing Ping (Chairman of the Audit Committee), Mr. Wen Louis, Mr. Yau Yan Ming, Raymond, Mr. Frank H.

Miu and Mr. Gary Drew Douglas. 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 2012 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, and three independent non-executive directors, namely, Mr. Wen Louis, Mr. Yau Yan Ming, Raymond and Mr. Frank H. Miu (Chairman of the Remuneration Committee).

NOMINATION COMMITTEE

The Company established the nomination committee ("Nomination Committee") in March 2012. The primary objectives of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board. The Nomination Committee comprises two executive directors, namely, Dr. Chuang Yueheng, Henry (Chairman of the Nomination Committee) and Mr. Wong Ying Seung, Asiong, and three independent non-executive directors, namely, Mr. Cheung Wing Ping, Mr. Frank H. Miu and Mr. Gary Drew Douglas.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (amended and renamed as "Corporate Governance Code and Corporate Governance Report" from 1 April 2012) 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 standards 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 Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2012 interim report of the Company will be despatched to the shareholders of the Company who have selected to have a printed copy 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, Henry
Chairman

Hong Kong, 30 August 2012

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

Executive Directors:
Dr. Chuang Yueheng, Henry
Mr. Wong Ying Seung, Asiong
Mr. Tsui Hung Wai, Alfred
Mr. Fung Yue Tak, Derek

Independent Non-executive Directors:
Mr. Cheung Wing Ping
Mr. Wen Louis
Mr. Yau Yan Ming, Raymond
Mr. Frank H. Miu
Mr. Gary Drew Douglas
Mr. Antonio Maria Santos