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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 2009

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 the “Group”) for the six months ended 30 June 2009 (the “Period”), together with the comparative figures for the six months ended 30 June 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Notes	HK\$'000	HK\$'000
			(restated)
Turnover	3	92,069	(23,254)
Other income		262	3,002
Depreciation and amortisation expenses		(12,277)	(4,351)
Employee benefits expense		(5,371)	(6,006)
Other operating expenses		(31,614)	(31,370)
Gain on disposal of interest in a subsidiary		—	545
Net fair value gains (losses) on investments held for trading		60,329	(238,813)
Net fair value gains (losses) on investments designated as at fair value upon initial recognition		27,282	(863)
Net gains arising from changes in fair value of investment properties		12,091	—
Finance costs		(4,309)	(3,409)

		Unaudited	
		Six months ended 30 June	
		2009	2008
<i>Notes</i>		HK\$'000	HK\$'000
			<i>(restated)</i>
Profit (Loss) before taxation		138,462	(304,519)
Taxation	4	(2,710)	—
Profit (Loss) for the period		135,752	(304,519)
Other comprehensive income			
Exchange differences on translation of foreign operation		235	—
Total comprehensive income (loss) for the period		135,987	(304,519)
Profit (Loss) for the period attributable to equity holders of the Company		135,752	(304,519)
Total comprehensive income (loss) attributable to equity holders of the Company		135,987	(304,519)
Earnings (Loss) per share			
– Basic and Diluted	5	HK\$0.35	HK\$(4.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		Unaudited At 30 June 2009 <i>HK\$'000</i>	Audited At 31 December 2008 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		637,638	609,814
Property, plant and equipment		219,017	194,961
Intangible assets	7	—	131,879
Other investments		123,521	123,521
Prepayments for acquisition of investment properties		—	5,304
Loans receivable	6	17,387	15,720
		997,563	1,081,199
Current assets			
Financial assets at fair value through profit or loss		507,171	369,232
Loans receivable	6	253,143	234,238
Other receivables		54,825	44,396
Cash and cash equivalents		83,151	167,057
		898,290	814,923
Assets classified as held for sale	7	130,505	—
		1,028,795	814,923

	Unaudited	Audited
	At 30 June	At 31 December
	2009	2008
<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities		
Financial liabilities at fair value through profit or loss	—	12,270
Other payables	20,489	23,242
Tax payables	581	1,237
Current portion of interest-bearing borrowings	26,325	24,384
	<u>47,395</u>	<u>61,133</u>
Net current assets	<u>981,400</u>	<u>753,790</u>
Total assets less current liabilities	<u>1,978,963</u>	<u>1,834,989</u>
Non-current liabilities		
Long-term interest-bearing borrowings	274,567	269,037
Deferred tax liabilities	27,896	25,439
	<u>302,463</u>	<u>294,476</u>
NET ASSETS	<u><u>1,676,500</u></u>	<u><u>1,540,513</u></u>
CAPITAL AND RESERVES		
Share capital	38,996	38,996
Reserves	1,637,504	1,501,517
TOTAL EQUITY	<u><u>1,676,500</u></u>	<u><u>1,540,513</u></u>

Notes:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2009 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 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 2008. 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 2008, except for the adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”) and HKASs as below.

HKAS 1 (Revised): Presentation of Financial Statements

This standard introduces changes in the presentation and disclosures of financial statements (including changes to the titles of the main statements). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line.

In addition, this revised standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit and loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Group has elected to present the comprehensive income in one single statement. The interim condensed consolidated financial statements have been prepared under the revised disclosure requirements and the adoption had no impact on the results or financial position of the Group.

HKFRS 8: Operating Segments

This standard replaces HKAS 14 “Segment Reporting”. It requires ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this standard did not have any effect on the Group’s results of operations or financial position. The Group has determined that its operating segments are substantially the same as the business segments previously identified under HKAS 14.

Operating segments are reported in a manner consistent with the internal reporting provided to the directors. The adoption of HKFRS 8 has resulted in the change of presentation in segment information. Comparatives for 2008 segment disclosures have been restated.

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 without allocation of finance costs and taxation. 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 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>
Segment revenue						
Turnover	63,895	10,782	17,392	—	—	92,069
Other income	14	2	127	79	40	262
Total revenue	<u>63,909</u>	<u>10,784</u>	<u>17,519</u>	<u>79</u>	<u>40</u>	<u>92,331</u>
Segment results	151,395	(12,729)	19,472	(2,871)	(12,496)	142,771
Finance costs						<u>(4,309)</u>
Profit before taxation						138,462
Taxation						<u>(2,710)</u>
Profit for the period attributable to equity holders of the Company						<u><u>135,752</u></u>

Six months ended 30 June 2008 (unaudited) (as restated)

	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>
Segment revenue						
Turnover	(36,203)	12,498	451	—	—	(23,254)
Other income	1,889	182	—	931	—	3,002
Total revenue	<u>(34,314)</u>	<u>12,680</u>	<u>451</u>	<u>931</u>	<u>—</u>	<u>(20,252)</u>
Segment results	(274,761)	(10,335)	(2,976)	(943)	(12,640)	(301,655)
Gain on disposal of interest in a subsidiary						545
Finance costs						<u>(3,409)</u>
Loss for the period attributable to equity holders of the Company						<u>(304,519)</u>

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

At 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>	Total <i>HK\$'000</i>
Segment assets	539,571	523,344	759,238	85,525	1,907,678
Unallocated assets					<u>118,680</u>
Total assets					<u>2,026,358</u>

At 31 December 2008 (audited) (as restated)

	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	383,870	348,974	739,632	320,735	1,793,211
Unallocated assets					102,911
Total assets					<u>1,896,122</u>

Geographical segments

An analysis of the Group's turnover by geographical segments is set out below.

	Unaudited Six months ended 30 June	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i> (restated)
Hong Kong	89,555	(23,254)
People's Republic of China (the "PRC")	2,514	—
	<u>92,069</u>	<u>(23,254)</u>

An analysis of the Group's segment assets by geographical locations is set out below.

	Unaudited At 30 June 2009 <i>HK\$'000</i>	Audited At 31 December 2008 <i>HK\$'000</i> (restated)
Hong Kong	1,656,990	1,537,871
PRC	250,688	255,340
	<u>1,907,678</u>	<u>1,793,211</u>

3. TURNOVER

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

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
		(restated)
Net gains (losses) from the sale of investments		
at fair value through profit or loss (Note)	60,609	(38,365)
Interest income from loans receivable and unlisted convertible bond	10,789	12,498
Dividend income from listed investments	3,279	2,162
Rental income	17,392	451
	<u>92,069</u>	<u>(23,254)</u>

Note:

In the prior period's unaudited interim financial statements, the Group's proceeds from the sale of investments at fair value through profit or loss and the corresponding carrying amount were separated into "Turnover" and "Cost of investments held for trading sold" respectively. With effect from the year ended 31 December 2008, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to present the gains or losses from the sale of investments at fair value through profit or loss in "Turnover" on a net basis.

The effect of this change in presentation was to decrease turnover and cost of investments held for trading sold for the Period by HK\$494,249,000, representing the carrying amount of investments at fair value through profit or loss disposed of during the Period.

This change in presentation has had no impact to the profit for the Period attributable to equity holders of the Company.

To conform with the current period's presentation, the accumulated net fair value gains on investments held for trading of HK\$43,683,000 was reclassified as cost of investments held for trading sold. In addition, the net carrying amount of investments at fair value through profit or loss disposed of for the period ended 30 June 2008 of HK\$429,140,000 has been offset against turnover, resulting in a decrease in turnover and cost of investments held for trading sold for that period by the same amount. These have resulted in no change in the results of the Group in respect of the current and prior period.

4. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Period.

In the prior period, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during that period.

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.

No PRC enterprise income tax has been provided as there was no operation in PRC in the prior period.

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax	606	—
Hong Kong Profits Tax	(586)	—
	<u>20</u>	<u>—</u>
Deferred taxation	2,690	—
	<u>2,710</u>	<u>—</u>

5. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit attributable to equity holders of the Company for the Period of HK\$135,752,000 (2008: loss of HK\$304,519,000) and the weighted average number of 389,960,981 ordinary shares (2008 (restated): 72,030,821 ordinary shares) in issue during the Period.

The Company had no dilutive potential ordinary shares for the Period and the prior period. Accordingly, the diluted earnings per share (2008: diluted loss per share) was same as the basic earnings per share (2008: basic loss per share).

In the prior period's unaudited interim financial statements, the weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the six months ended 30 June 2008 has been adjusted to reflect the impact of the share consolidation and the rights issue effected in August 2008. In the current period, it was further adjusted to reflect the impact of the share consolidation effected in December 2008.

6. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to repayment schedules. The balance comprises loans receivable from:

		Unaudited At 30 June 2009 <i>HK\$'000</i>	Audited At 31 December 2008 <i>HK\$'000</i>
	<i>Notes</i>		
Third parties	(a)	411,234	367,226
Allowance for doubtful debts	(b)	(140,704)	(117,268)
		<u>270,530</u>	<u>249,958</u>
Less: Balance due within one year included in current assets		<u>(253,143)</u>	<u>(234,238)</u>
Non-current portion		<u>17,387</u>	<u>15,720</u>
		Unaudited At 30 June 2009 <i>HK\$'000</i>	Audited At 31 December 2008 <i>HK\$'000</i>
Short term loans, net of provision		186,412	230,781
Instalment loans		84,118	19,177
		<u>270,530</u>	<u>249,958</u>

Notes:

- (a) At end of the Period, loans receivable (1) carried effective interest rates ranging from flat rate of 2% to 12% per annum (*At 31 December 2008: from prime rate to 8% per annum*); (2) included balances of HK\$42,394,000 which was past due for over three months (*At 31 December 2008: HK\$8,000,000 which was past due for three months*); (3) included balances of HK\$368,840,000 (*At 31 December 2008: HK\$359,226,000*) which were within the respective maturity dates and (4) an aggregate amount of HK\$114,830,000 were secured by collaterals or under personal guarantees (*At 31 December 2008: HK\$153,635,000*).

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

	Unaudited At 30 June 2009 HK\$'000	Audited At 31 December 2008 <i>HK\$'000</i>
At beginning of period/year	117,268	14,000
Increase in allowance	23,436	103,268
At end of period/year	140,704	117,268

The directors assessed the collectability of loans receivable at end of the Period individually with reference to borrowers' past collection history and current creditworthiness. An amount of HK\$140,704,000 (*At 31 December 2008: HK\$117,268,000*) in respect of twelve 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\$270,530,000 (*At 31 December 2008: HK\$249,958,000*) and thus no additional allowance was considered necessary.

7. ASSETS CLASSIFIED AS HELD FOR SALE

On 12 May 2009, the Group entered into an agreement with an independent third party, Marvel Century Limited ("Marvel Century"), a wholly-owned subsidiary of Mascotte Holdings Limited ("Mascotte") to dispose of its 100% interest in Richful Zone International Limited ("Richful Zone") and its wholly-owned subsidiary, Allied Loyal International Investments Limited ("Allied Loyal") (collectively the "Disposal Group") at a total consideration of HK\$130,000,000, details of which are set out in note 8 (a).

The assets attributable to the Disposal Group have been included in the consolidated statement of financial position as assets classified as held for sale. The carrying amount of the assets in Disposal Group as at 30 June 2009 is as follows:

	Unaudited At 30 June 2009 HK\$'000
Assets classified as held for sale	
Intangible assets	130,505

8. EVENTS AFTER REPORTING PERIOD

- (a) On 12 May 2009, the Group entered into a share purchase agreement with an independent third party, Marvel Century, a wholly-owned subsidiary of Mascotte, to dispose of 100% issued share capital of Richful Zone, an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, at a total consideration of HK\$130,000,000. Richful Zone is principally engaged in investment holding. Allied Loyal, a wholly-owned subsidiary of Richful Zone, owns the rights to (i) obtain 50% of forestry land use rights and forestry tree entitlement of three forestry sites in Simao District, Puer City, Yunnan Province, the PRC and (ii) share 50% of distributable profits of these forests.

The total consideration of HK\$130,000,000 was satisfied by the issue of a 3-year 4% convertible bond by Mascotte at the initial conversion price of HK\$0.50 per Mascotte's ordinary share, subject to customary anti-dilutive adjustment. The disposal was completed on 6 July 2009. Further details of the disposal of these subsidiaries are also set out in the announcement of the Company dated 13 May 2009.

- (b) On 8 June 2009, the Group entered into a conditional share purchase agreement with Coupeville Limited, a wholly-owned subsidiary of Heritage International Holdings Limited ("Heritage"), to acquire 50% issued share capital of Best Purpose Limited ("Best Purpose"), an indirect wholly-owned subsidiary of Heritage incorporated in British Virgin Islands, at a total consideration of HK\$180,000,000. Best Purpose is principally engaged in investment holding. Double Smart Finance Limited ("Double Smart"), a wholly-owned subsidiary of Best Purpose, is principally engaged in money lending business.

The total consideration of HK\$180,000,000 was satisfied by the issue of a HK\$180,000,000 2% convertible note due 2012 by the Company at the initial conversion price of HK\$1.39 per share. The acquisition was completed on 7 August 2009. Further details of the acquisition of these joint-controlled entities are also set out in the announcement of the Company dated 11 June 2009.

- (c) On 22 June 2009, the Group entered into a sale and purchase agreement with an independent third party for the disposal of an investment property in Hong Kong at a cash consideration of HK\$6,000,000. At 30 June 2009, the fair value of this investment property was HK\$6,000,000. The disposal of this investment property was completed on 10 August 2009.
- (d) On 23 July 2009, the Company allotted and issued an aggregate of 77,990,000 ordinary shares of HK\$0.10 each for cash to independent investors at a price of HK\$1 per share. Further details of the placing are also set out in the announcement of the Company dated 8 July 2009.
- (e) On 14 August 2009, the Company disposed of the unlisted convertible bond in the principal amount of HK\$20,000,000, issued by Mascotte as disclosed in note 8(a), to an independent third party at a cash consideration of HK\$45,000,000. Further details of the disposal of this unlisted convertible bond are also set out in the announcement of the Company dated 17 August 2009.

(f) Pursuant to the ordinary resolution passed at extraordinary general meeting on 17 August 2009, it was approved that placing agreement dated 19 June 2009 with a placing agent to procure, on a best efforts basis, placees to subscribe in cash for:

- i) convertible notes up to the principal amount of HK\$600,000,000; and
- ii) up to 600,000,000 placing shares at HK\$1 each per placing share

at any time during the placing period. Further details of the placing of convertible notes and new shares are also set out in the announcement of the Company dated 19 June 2009.

(g) Pursuant to the ordinary resolution passed at extraordinary general meeting on 17 August 2009, the authorised share capital of the Company was approved to be increased to HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each by the creation of an additional 9,000,000,000 ordinary shares of HK\$0.10 per share. Further details of the increase in authorised share capital are also set out in the announcement of the Company dated 19 June 2009.

9. COMPARATIVE FIGURES

Certain comparative figures of 2008 have been restated to conform with the presentation as required by certain accounting standards described in notes 1 and 3 to the financial statements.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2009 (2008: Nil).

RESULTS

During the six months ended 30 June 2009, the Group reported a positive turnover of approximately HK\$92 million compared with a negative turnover of approximately HK\$23 million for the corresponding period of 2008. The increase in turnover was mainly attributable to net gains from the sale of investments of approximately HK\$61 million and rental income of approximately HK\$17 million during the Period compared to net losses from the sale of investments of approximately HK\$38 million and rental income of approximately HK\$0.5 million in the corresponding period of 2008.

Benefiting from the rebound of Hong Kong stock market (with the Hang Seng Index up by 27.8%) during the Period and the gradual growth of property market with stable rental income generated from the Group's property portfolio, the Group achieved a consolidated profit of approximately HK\$136 million for the Period (2008: consolidated loss of approximately HK\$305 million). The gain mainly comprised of the net gains from the sale of investments and net fair value gains on trading of investments held of approximately HK\$61 million and HK\$88 million respectively (2008: net losses from the sale of investments and net fair value losses on trading of investments held of approximately HK\$38 million and HK\$240 million respectively), rental income of approximately HK\$17 million (2008: approximately HK\$0.5 million) and net fair value gains on investment properties of approximately HK\$12 million (2008: Nil). Basic earnings per share for the Period was HK\$0.35 compared to basic loss per share of HK\$4.23 (restated) for the corresponding period of 2008.

BUSINESS REVIEW AND PROSPECTS

The world economy in 2009 has remained volatile and full of uncertainties under the shadow of financial tsunami and the continuing spread of the H1N1 pandemic. However, following an unprecedented level of monetary policy and stimulus packages rolled out by various governments, the economy has shown signs of stability and recovery.

It is almost the first anniversary of financial tsunami. In the 2008 Annual Report, the chairman reported that "to say we have seen the worst of the financial tsunami may be premature but we remain positive that the local economy and stock market will survive". Although there are still weaknesses and uncertainties in many parts of the world, we believe that we are well on the road to recovery. Indeed, we have seen the Hang Seng Index once again reaching and staying above the 20,000 mark, housing prices making new highs, and the loosening of credits.

During the Period under review, the Group took a conservative approach in its investment portfolio. Our property investment portfolio, comprised of certain car parking spaces, residential and commercial premises in Hong Kong and the PRC, reported a profit of approximately HK\$19 million including net fair value gains of approximately HK\$12 million. With the rebounds in stock markets, the securities trading and investments portfolio returned a profit of approximately HK\$151 million during the Period of which approximately HK\$88 million was related to net fair value gains. The money lending portfolio returned a stable interest income but reported a loss of approximately HK\$13 million attributed mainly to the additional provision of doubtful debts of approximately HK\$23 million.

The Board remains firm in taking a prudence approach in evaluating investment opportunities. Having considered the uncertainties in the short to medium term, the Group exchanged the entire interest in Richful Zone, which indirectly owns the rights to (i) obtain 50% interest in the forest land use rights and forest tree entitlement and (ii) share 50% of distributable profits of three forestry sites in Yunnan Province of the PRC with a total site area of approximately 36,735 Chinese Mu, at a total consideration of HK\$130 million for the 4% convertible bond due 2012 in the principal amount of HK\$130 million issued by Mascotte (a HKEx listed company) at an initial conversion price of HK\$0.50 per Mascotte's ordinary share. The transaction was completed in early July 2009. The Group subsequently disposed of this convertible bond in the principal amount of HK\$20 million at a cash consideration of HK\$45 million in August 2009. The Group exercised the rest of the conversion rights attached to this convertible bond into 220 million ordinary shares of Mascotte in July and August 2009 with an intention to hold for trading.

In a move to strengthen its money lending business and to further provide a stable income stream, the Group acquired 50% equity interest in Best Purpose, a company with 100% equity interest in a money lending company having a loan portfolio of approximately HK\$402 million as at 31 March 2009, through the issuance of a 2% convertible note due 2012 in the principal amount of HK\$180 million by the Company at an initial conversion price of HK\$1.39 per ordinary share. The transaction was completed in August 2009.

In order to position and enable the Group to grasp potential investment opportunities or engage in negotiations on investment proposals, we have taken active steps to enhance its capital base through various placements. In June 2009, the Company announced the placing of convertible notes and new shares aimed at raising up to HK\$1,200 million through a placing agent on a best efforts basis by the end of 2009. The relevant resolution was passed at the extraordinary general meeting held on 17 August 2009. At the said general meeting, the authorised share capital of the Company has increased to HK\$1 billion divided into 10 billion ordinary shares of HK\$0.10 each by the creation of an additional 9 billion ordinary shares. In July 2009, the Company successfully placed 77,990,000 ordinary shares at a price of HK\$1 per share raising net proceeds of approximately HK\$76 million.

With the gradual recovery in the economy, the Company has seen an increase in investment proposals and opportunities. The Company still considers the natural resources and energy sectors to be highly attractive and with great potential. In July, the Company has retained the service of two international known consultants in the oil and gas industry to evaluate certain projects on hand. Despite the optimism, we believe that the year ahead is still full of challenges and the sea may be rough, but the Company is strong in cash and liquid asset and we are prepared to sail and take advantage of the wind.

FINANCIAL REVIEW

Liquidity and Capital Resource

During the Period, the Group invested approximately HK\$14 million in property, plant and equipment and HK\$37 million in investment properties, of which HK\$20 million was financed from bank borrowings with the rest from internal resources. The Group also repaid approximately HK\$13 million bank borrowings during the Period.

At 30 June 2009, the Group had bank borrowings amounted to approximately HK\$301 million (*At 31 December 2008: approximately HK\$293 million*), of which 9%, 9%, 24% and 58% (*At 31 December 2008: 8%, 8%, 24% and 60% 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 carrying floating interest rates were calculated with reference to prime rate and HIBOR and denominated in Hong Kong dollars. The Group did not have any financial instruments used for hedging purpose.

As most of the Group's transactions and bank balances were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was minimal.

At 30 June 2009, the Group's total equity amounted to approximately HK\$1,677 million, a rise of 8.8% as compared with approximately HK\$1,541 million at 31 December 2008. The Group had net current assets of approximately HK\$981 million including cash and cash equivalents of approximately HK\$83 million as compared to approximately HK\$754 million including cash and cash equivalents of approximately HK\$167 million at 31 December 2008. The Group maintained its gearing ratio at a satisfactory level of 13% (computed on the basis of net borrowings to total equity) and current ratio of 21.7 times as compared to 8.2% and 13.3 times respectively at 31 December 2008.

PLEDGE OF ASSETS

At 30 June 2009, certain assets of the Group with an aggregate carrying value of approximately HK\$676 million (*At 31 December 2008: approximately HK\$636 million*) have been pledged to banks to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE COMMITMENT

At 30 June 2009, the Group had capital expenditure commitment in respect of acquisition of property, plant and equipment contracted but not provided (net of deposit paid) in the consolidated financial statements amounting to approximately HK\$6 million (*At 31 December 2008: approximately HK\$36 million*).

CONTINGENT LIABILITIES

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

EMPLOYEES

At 30 June 2009, the Group employed a total of 30 employees (*At 31 December 2008: 31 employees*). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, a mandatory provident fund and a 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. Wen Louis (Chairman of the Audit Committee), Ms. Lin Wai Yi 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 2009 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 is comprised of 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 2009 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
King Phillip
Managing Director

Hong Kong, 22 September 2009

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, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Wen Louis and Mr. Yau Yan Ming, Raymond.