



# 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 2007

### RESULTS

The Board of Directors (the “Board”) of Willie International Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2007 (the “Period”), together with the comparative figures for the six months ended 30 June 2006 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT For the six months ended 30 June 2007

		<b>Unaudited Six months ended 30 June</b>	
		<b>2007</b>	<b>2006</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>	2	<b>787,911</b>	159,697
Other income	2	<b>45,498</b>	806
Cost of investments held for trading sold		<b>(678,411)</b>	(159,627)
Depreciation expense		<b>(1,080)</b>	(529)
Employee benefits expense		<b>(4,616)</b>	(4,476)
Other operating expenses		<b>(7,343)</b>	(15,362)
Loss on disposal of interests in subsidiaries		—	(143)
Loss on disposal of convertible note issued by an associate		—	(31,000)
Profit on deemed disposal of interest in an associate	6(a)	<b>21,087</b>	8,429
Loss on disposal of interest in an associate	6(b)	<b>(12,520)</b>	—
Share of profit of associates		<b>7,522</b>	1,066
Finance costs		<b>(1,067)</b>	(1,294)
<b>Profit (Loss) before taxation</b>	3	<b>156,981</b>	(42,433)
Taxation	4	<b>(21,000)</b>	—
<b>Profit (Loss) for the Period</b>		<b><u>135,981</u></b>	<u>(42,433)</u>
<b>Profit (Loss) attributable to equity holders</b>		<b><u>135,981</u></b>	<u>(42,433)</u>
<b>Earnings (Loss) per share — Basic</b>	5	<b><u>HK\$0.020</u></b>	<u>HK\$(0.013)</u>
<b>Earnings (Loss) per share — Diluted</b>	5	<b><u>HK\$0.019</u></b>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007 and 31 December 2006

	<i>Note</i>	Unaudited At 30 June 2007 <i>HK\$'000</i>	Audited At 31 December 2006 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		175,100	7,200
Property, plant and equipment		29,482	22,977
Interests in associates		100,009	98,118
Other investments		39,934	—
Prepayments for acquisition of investment properties		<u>53,459</u>	<u>—</u>
		<u>397,984</u>	<u>128,295</u>
<b>Current assets</b>			
Investments held for trading		607,932	118,818
Loans receivable	7	230,829	103,529
Other receivables		3,904	1,631
Cash and cash equivalents		<u>260,666</u>	<u>8,878</u>
		<u>1,103,331</u>	<u>232,856</u>
<b>Current liabilities</b>			
Other payables	8	54,031	8,242
Tax payable		21,000	—
Current portion of interest-bearing borrowings		<u>4,155</u>	<u>7,507</u>
		<u>79,186</u>	<u>15,749</u>
<b>Net current assets</b>		<u>1,024,145</u>	<u>217,107</u>
<b>Total assets less current liabilities</b>		<u>1,422,129</u>	<u>345,402</u>
<b>Non-current liabilities</b>			
Long-term interest-bearing borrowings		<u>69,232</u>	<u>15,788</u>
<b>NET ASSETS</b>		<u>1,352,897</u>	<u>329,614</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		1,167,731	350,649
Reserves		<u>185,166</u>	<u>(21,035)</u>
<b>TOTAL EQUITY</b>		<u>1,352,897</u>	<u>329,614</u>

*Notes:*

## **1. BASIS OF PREPARATION**

The unaudited interim financial statements for the six months ended 30 June 2007 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.

These interim 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 2006. They have been prepared on the historical cost basis, except for investment properties and investments held for trading, which are measured at fair value.

The accounting policies applied in preparing these interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2006. The adoption of the new / revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA, that are relevant to the Group and effective from the current period did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted the new / revised HKFRS issued by the HKICPA that are not yet effective for the current period. The Group has already commenced an assessment of impact of these new / revised HKFRS but is not yet in a position to state whether they would have any significant impact on its results of operations and financial position.

## 2. TURNOVER AND SEGMENT INFORMATION

The analysis of the Group's revenue and results by business segments is as follows:

Six months ended 30 June 2007 (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	781,482	6,429	—	—	—	787,911
Other income	<u>42,149</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,349</u>	<u>45,498</u>
Total revenue	<u>823,631</u>	<u>6,429</u>	<u>—</u>	<u>—</u>	<u>3,349</u>	<u>833,409</u>
<b>Segment results</b>	145,215	6,991	(986)	(1,214)	(8,047)	141,959
Profit on deemed disposal of interest in an associate						21,087
Loss on disposal of interest in an associate						(12,520)
Share of profit of associates	240	2,243	—	4,839	200	7,522
Finance costs						(1,067)
Taxation						<u>(21,000)</u>
<b>Profit for the Period</b>						<u>135,981</u>

**Six months ended 30 June 2006 (unaudited)**

	<b>Trading of investments</b>	<b>Provision of financial services</b>	<b>Property investment</b>	<b>Investment holding</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment revenue</b>						
Turnover	153,067	4,680	22	1,928	—	159,697
Other income	<u>801</u>	<u>5</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>806</u>
Total revenue	<u>153,868</u>	<u>4,685</u>	<u>22</u>	<u>1,928</u>	<u>—</u>	<u>160,503</u>
<b>Segment results</b>						
Loss on disposal of interests in subsidiaries	(13,315)	4,662	(542)	(2,845)	(7,451)	(19,491)
Loss on disposal of convertible note issued by an associate						(143)
Profit on deemed disposal of interest in an associate						(31,000)
Share of profit of associates	300	2,956	—	(2,154)	(36)	8,429
Finance costs						<u>(1,294)</u>
Loss for the period						<u>(42,433)</u>

**3. PROFIT (LOSS) BEFORE TAXATION**

**Unaudited**  
**For the six months**  
**ended 30 June**

<b>2007</b>	2006
<b>HK\$'000</b>	<b>HK\$'000</b>

This is stated after charging (crediting):

Net unrealised holding (gain) loss on investments held for trading	<b>(42,149)</b>	7,551
Equity-settled share-based payment	<b>1,492</b>	2,440
Loss on disposal of investment properties	<u>—</u>	490
Loss on disposal of property, plant and equipment	<u>—</u>	<u>199</u>

#### 4. TAXATION

Hong Kong Profits Tax has been provided at the rate of 17.5% on the entities' estimated assessable profits for the Period but was not provided for the corresponding period in 2006 as the Group incurred a loss for taxation purposes.

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

The calculation of basic earnings (loss) per share is based on the profit attributable to equity holders for the Period of HK\$135,981,000 (2006: loss of HK\$42,433,000) and the weighted average number of ordinary shares of 6,934,262,344 (2006: 3,294,826,535 shares) in issue during the Period.

The calculation of diluted earnings per share is based on the profit attributable to equity holders for the Period of HK\$135,981,000 and the 7,331,701,910 shares which is the weighted average number of ordinary shares in issue during the Period adjusted for the number of dilutive potential shares under the share option scheme and the convertible notes of the Company. No diluted loss per share for 2006 was presented as there was an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares.

6. (a) During the Period, the Group's interest in Hennabun Management International Limited ("HMIL") was firstly reduced from 35.55% to 29.74% as a result of HMIL's issue of new shares to third parties and then further reduced from 29.74% to 16.17% after a shareholder of HMIL had the convertible note converted into 873,333,333 ordinary shares of HMIL.

As a result of the above changes in shareholding in HMIL, a profit on deemed disposal of HK\$21.1 million was recognised in the income statement.

- (b) In April 2007, the Group entered into agreements with third parties to dispose of the Group's remaining 16.17% interest in HMIL, leading to a loss on disposal of HK\$12.5 million recognised in the income statement.

#### 7. LOANS RECEIVABLE

An aging analysis of loans receivable is set out below:

	<b>Unaudited</b> <b>At 30 June</b> <b>2007</b> <b>HK\$'000</b>	Audited At 31 December 2006 HK\$'000
Within maturity dates	<u><b>230,829</b></u>	<u>103,529</u>

#### 8. OTHER PAYABLES

Included in other payables is an amount of HK\$50,855,000 (31 December 2006: HK\$6,072,000) payable to a securities broker of which the settlement term is two days after trade date.

## **INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the six months ended 30 June 2007 (2006: Nil).

## **BUSINESS REVIEW AND PROSPECTS**

### **Results**

Turnover for the six months ended 30 June 2007 amounted to HK\$787.9 million, an increase of 393.4% when compared with HK\$159.7 million for the corresponding period last year. The increase in turnover was mainly attributable to the increase in the sale of listed investments during the Period. Profit attributable to equity holders for the Period was HK\$135.9 million compared with a loss of HK\$42.4 million for the corresponding period last year. Earnings per share for the Period was HK\$0.020 compared with a loss per share of HK\$0.013 for the corresponding period last year.

### **Review and Prospects**

During the Period, with a favorable stock market sentiment and a strong local economy, the Company has been able to strengthen its capital base through a series of placing of shares, issuance of convertible notes and the exercise of share options. During the Period, through placing of new shares, issuance of HK\$350 million convertible notes and the exercise of share options, the Company raised a total of approximately HK\$914.2 million (before issue expenses). In July, through placing of new shares and the exercise of share options, the Company further raised a total of approximately HK\$400 million (before issue expenses). The Board proposed to issue and placing of 3,000,000,000 listed warrants at an issue price of HK\$0.025 per warrant in August. Each warrant to be issued by the Company pursuant to this placing shall confer the right to subscribe for one share at the subscription price of HK\$0.10 each and exercisable during a period of 18 months commencing from the date of issue of the warrants.

Throughout the Period, the Board has been approached with or identified many potential investment projects and have looked into three particular projects of interests, namely the project with a PRC oil conglomerate to engage in the exploration of oil located in Azerbaijan, a coal bed methane drilling and recovery project around Urumqi City in the Xinjiang Province, and a forestry project in Simao District, in Yunnan Province. In June, an indirect wholly-owned subsidiary of the Company entered into the acquisition agreement to acquire 100% equity interest in Allied Loyal International Investments Limited, which its sole assets is 50% of the forestry lands use rights and forestry trees entitlement of forests in Simao District,

Yunnan Province, for a total consideration of HK\$136 million in cash. While we have evaluated and let pass the coal bed methane project, we are still working on the Azerbaijan oil project although that no agreement has been reached at the present moment.

The Board believes that the luxury residential property market in Hong Kong will continue to remain strong with a stable upward trend. In April 2007, the Company incorporated Cordoba Homes Limited (“Cordoba”), a wholly-owned subsidiary for the investment of luxury residential properties and commercial properties. During the Period, Cordoba has acquired various residential and commercial properties in the Peak, Sheung Shui, North Point, Central and Southern districts, and is in the process of negotiating several properties located in Sheung Wan, Central and Western districts for acquisition purpose.

As the global stock markets have seen a tremendous appreciation throughout the Period, the thought of an inevitable correction have sent jitters through the investment communities. The recent issues with sub-prime lending have cast shadows in the global as well as the Hong Kong stock markets. However, in August 2007, the State Administration of Foreign Exchange of PRC announced a pilot programme allowing mainland investors to invest directly in Hong Kong stocks through the Tianjin branch of Bank of China using foreign currency they had already deposited or bought from the lender. The money will then be placed in an account in Hong Kong managed by BOC International Limited. This pilot programme may have a positive influence on the investment sentiment and the ability for many Hong Kong based companies to raise capital in the market. The Company is in a good position for growth and the capital base is strongest ever. The Board believes that there are great investment opportunities in the energy and transportation business in the PRC and will continue to identify and invest in projects with potential for growth.

### **Liquidity and Capital Resources**

During the Period, the Company has completed three share placements for 3,819,218,000 new shares and the issuance of 851,600,000 new shares arising from exercise of share options, raising a total additional equity of approximately HK\$458.1 million (before issue expenses) and HK\$106.1 million respectively.

During the Period, the Company has issued two series of two years non-interest bearing convertible notes at a conversion price of HK\$0.1 per share with an aggregate principal amount of HK\$350 million, the convertible notes were converted in full and resulted in the issuance of 3,500 million shares of the Company.



As at 30 June 2007, the Group's total equity amounted to HK\$1,352.9 million as compared with HK\$329.6 million at 31 December 2006. As at 30 June 2007, the Group had net current assets of HK\$1,024.1 million including cash and cash equivalents of HK\$260.7 million as compared with HK\$217.1 million including cash and cash equivalents of HK\$8.9 million at 31 December 2006. The Group maintained a low gearing ratio of 5.4% (computed on the basis of total borrowings to total equity) and current ratio of 13.93 times at 30 June 2007 as compared to 7.1% and 14.79 times respectively at 31 December 2006.

As at 30 June 2007, the Group had bank borrowings amounted to HK\$73.4 million (31 December 2006: bank and other borrowings of HK\$23.3 million). Of the Group's bank borrowings of HK\$73.4 million, 5.7%, 6.0%, 19.7%, 68.6% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank borrowings carrying interest rates were calculated with reference to prime rate and denominated in Hong Kong dollars. The Group did not have any financial instruments used for hedging purpose.

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

### **Pledge of Assets**

As at 30 June 2007, certain assets of the Group with an aggregate carrying value of HK\$105.3 million (31 December 2006: HK\$27.7 million) have been pledged to banks to secure banking facilities granted to the Group.

### **Contingent Liabilities**

As at 30 June 2007, the Group had contingent liabilities not provided for in the financial statements in respect of guarantee of HK\$30 million (31 December 2006: HK\$30 million) for banking facilities granted to a former associate (which is now a third party), which was utilised to the extent of HK\$Nil (31 December 2006: HK\$24.5 million).

### **Employees**

As at 30 June 2007, the Group employed a total of 26 employees. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and a share option scheme.

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

## **AUDIT COMMITTEE**

The Company's audit committee is comprised of four independent non-executive directors, namely, Mr. Shum Ming Choy (Chairman), Mr. Nakajima Toshiharu, Ms. Lin Wai Yi and Mr. Yau Yan Ming, Raymond. The primary duties of the Company's audit committee include the review and supervision of the Group's financial reporting process and internal control systems, the review of the Group's financial information and the monitoring of the appointment and function of the Group's external auditor.

The Group's unaudited consolidated financial statements for the six months ended 30 June 2007 have been reviewed by the Company's audit committee.

## **REMUNERATION COMMITTEE**

The Company's remuneration committee is comprised of one executive director, namely, Mr. Wong Ying Seung, Asiong (Chairman), and two independent non-executive directors, namely, Mr. Nakajima Toshiharu and Mr. Yau Yan Ming, Raymond. The primary duties of the Company's remuneration committee are to make recommendations to the Board in relation to the remuneration of executive Directors, senior management as well as the fees and emoluments of non-executive Directors.

During the Period, the Company's remuneration committee made recommendations to the Board in relation to the granting of share options to but not limited to senior management and employees of the Group. The Board approved and adopted their recommendations, and granted such share options pursuant to the Company's share option scheme.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company is firmly committed to maintaining a quality Board, sound internal control, and transparency and accountability to all shareholders. The Company had complied with the Code on Corporate Governance Practices as set out in appendix 14 of the Listing Rules throughout the six months ended 30 June 2007.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiries with all directors of the Company, the Company can confirm that all directors of the Company have complied with the Model Code throughout the period under review.

## **DISCLOSURE OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

## **APPRECIATION**

On behalf of the Board, we would like to thank our partners, employees, and shareholders for their continued confidence and support.

By Order of the Board  
**Willie International Holdings Limited**  
**Chuang Yueheng, Henry**  
*Chairman*

Hong Kong, 14 September 2007

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Lo Kan Sun, Mr. Wong Ying Seung, Asiong and Mr. Wang Lin, and five independent non-executive directors, namely, Mr. Nakajima Toshiharu, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond.*