

The image features a vibrant green background with a sun in the upper right corner, creating a lens flare effect. A silhouette of a forest line is visible at the bottom. The word "willie" is written in a large, bold, lowercase sans-serif font, with the letters appearing to be cut out or layered over the landscape.

willie

Willie International Holdings Limited

(Incorporated in Hong Kong with limited liability)

Listed Since 1972 Stock Code: 273

Interim Report 2008

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Chuang Yueheng, Henry (*Chairman*)
King Phillip (*Managing Director*)
Wong Ying Seung, Asiong
Wang Lin

Independent Non-Executive Directors

Lin Wai Yi
Liu Jian
Shum Ming Choy
Yau Yan Ming, Raymond

Alternate Director

Lee Kwan Ching
(Alternate Director to Wong Ying Seung, Asiong)

AUDIT COMMITTEE

Shum Ming Choy (*Chairman*)
Lin Wai Yi
Yau Yan Ming, Raymond

REMUNERATION COMMITTEE

Wong Ying Seung, Asiong (*Chairman*)
Shum Ming Choy
Yau Yan Ming, Raymond

QUALIFIED ACCOUNTANT

Lee Kwan Ching

COMPANY SECRETARY

Chan Mee Sze

AUDITORS

Mazars CPA Limited
Certified Public Accountants
34/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

REGISTERED OFFICE

32/F, China United Centre
28 Marble Road
North Point
Hong Kong

PRINCIPAL BANKERS

Chong Hing Bank Limited
The Bank of East Asia Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Transfer Office

Shops 1712-1716,
17/F, Hopewell Centre
183 Queen's Road East
Hong Kong

Investor Communication Centre

Rooms 1806-1807,
18/F, Hopewell Centre
183 Queen's Road East
Hong Kong

INTERNET ADDRESS

<http://www.willie273.com>
<http://www.irasia.com/listco/hk/willie/index.htm>



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 2008 (the "Period"), together with the comparative figures for the six months ended 30 June 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Unaudited	
		Six months ended	
		30 June	
	<i>Note</i>	2008	2007
		HK\$'000	HK\$'000
			(restated)
Turnover	2	405,886	787,911
Other income	2	3,002	3,349
Cost of investments held for trading sold		(472,823)	(678,411)
Depreciation and amortisation expenses		(4,351)	(1,080)
Employee benefits expense		(6,006)	(5,581)
Other operating expenses		(31,370)	(6,378)
Gain on disposal of interest in a subsidiary		545	–
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		–	7,522
Net unrealised (loss) gain on investments held for trading		(195,130)	42,149
Net unrealised loss on investments designated as at fair value upon initial recognition		(863)	–
Finance costs		(3,409)	(1,067)
(Loss) Profit before taxation		(304,519)	156,981
Taxation	3	–	(21,000)
(Loss) Profit for the period		(304,519)	135,981
(Loss) Profit attributable to equity holders		(304,519)	135,981
(Loss) Earnings per share – Basic	4	HK\$(0.4228)	HK\$0.8416
(Loss) Earnings per share – Diluted	4	N/A	HK\$0.8328

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Opening balance – Total equity at 1 January (audited)	1,486,465	329,614
Equity-settled share-based payment	–	1,492
Issue of new shares, net of expenses	395,769	437,860
Issue of shares on conversion of convertible notes	–	350,000
Issue of shares under share option scheme	–	106,148
Realised on disposal of an associate	–	(8,198)
(Loss) Profit for the period	(304,519)	135,981
Closing balance – Total equity at 30 June (unaudited)	1,577,715	1,352,897



CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008 and 31 December 2007

	<i>Note</i>	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		360,723	326,500
Property, plant and equipment		136,486	35,049
Intangible assets		133,252	134,626
Other investments	5	135,082	113,965
Prepayments for acquisition of investment properties		8,656	8,656
		774,199	618,796
Current assets			
Financial assets at fair value through profit or loss	6	410,947	537,370
Loans receivable	7	442,030	335,637
Other receivables	8	111,080	52,160
Cash and cash equivalents		68,088	304,355
		1,032,145	1,229,522
Current liabilities			
Other payables		2,126	13,290
Financial liabilities at fair value through profit or loss	6	12,917	6,915
Current portion of interest-bearing borrowings	9	17,575	160,992
		32,618	181,197
Net current assets		999,527	1,048,325
Total assets less current liabilities		1,773,726	1,667,121
Non-current liabilities			
Long-term interest-bearing borrowings	9	196,011	180,656
NET ASSETS		1,577,715	1,486,465
CAPITAL AND RESERVES			
Share capital	10	349,944	151,793
Reserves	11	1,227,771	1,334,672
TOTAL EQUITY		1,577,715	1,486,465

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Net cash used in operating activities	(320,981)	(509,406)
Net cash used in investing activities	(124,712)	(182,906)
Net cash from financing activities	209,426	944,100
Net (decrease) increase in cash and cash equivalents	(236,267)	251,788
Cash and cash equivalents at beginning of period	304,355	8,878
Cash and cash equivalents at end of period	68,088	260,666



NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 30 June 2008 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 “Hong Kong Stock Exchange”).

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 2007. They have been prepared on the historical cost basis, except for investment properties and financial assets/liabilities at fair value through profit or loss, 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 2007. 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 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 the 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 2008 (unaudited)

	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
Segment revenue						
Turnover	392,937	12,465	451	33	–	405,886
Other income	1,889	182	–	931	–	3,002
Total revenue	<u>394,826</u>	<u>12,647</u>	<u>451</u>	<u>964</u>	<u>–</u>	<u>408,888</u>
Segment results	(274,761)	(10,335)	(3,386)	(2,420)	(10,753)	(301,655)
Gain on disposal of interest in a subsidiary						545
Finance costs						(3,409)
Loss for the Period						<u>(304,519)</u>



2. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2007 (unaudited)

	Trading of investments HK\$'000 (restated)	Provision of financial services HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Unallocated HK\$'000	Total HK\$'000 (restated)
Segment revenue						
Turnover	781,482	6,429	–	–	–	787,911
Other income	–	–	–	–	3,349	3,349
Total revenue	<u>781,482</u>	<u>6,429</u>	<u>–</u>	<u>–</u>	<u>3,349</u>	<u>791,260</u>
Segment results	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						(21,000)
Profit for the period						<u>135,981</u>

3. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the Period but it has been provided at the rate of 17.5% on the entities' estimated assessable profits for the corresponding period in 2007.

4. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the loss attributable to equity holders of the Company for the Period of HK\$304,519,000 (2007: profit of HK\$135,981,000) and the weighted average number of ordinary shares of 720,308,212 (2007 (restated): 161,564,825) shares in issue during the Period.

No diluted loss per share is presented for the Period as there were no dilutive potential ordinary shares in issue during the Period. The calculation of diluted earnings per share for the six months ended 30 June 2007 is based on the profit attributable to equity holders of HK\$135,981,000 and the weighted average number of ordinary shares of 163,284,200 shares (restated) in issue during the period as adjusted for the number of dilutive potential shares under the share option scheme and the convertible notes of the Company.

Both the weighted average number of ordinary shares adopted in the calculations of the basic and diluted earnings per share for the six months ended 30 June 2008 and 30 June 2007 have been adjusted to reflect the impact of the share consolidation effected in August 2008 and rights issue effected in January and August 2008.

5. OTHER INVESTMENTS

Other investments represent rare precious stone and artwork acquired by the Group for long-term investment purposes.

6. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Investments held for trading		
Equity securities		
Listed in Hong Kong	377,860	520,530
Listed overseas	18,411	16,840
	396,271	537,370
Investments designated upon initial recognition		
Unlisted investments	14,676	–
	410,947	537,370



6. FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Investments held for trading		
Derivative financial instruments	12,917	6,915

7. LOANS RECEIVABLE

Loans granted to borrowers are repayable according to pre-agreed repayment schedules. The balance represents:

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Loans receivable from third parties	479,030	349,637
Allowance for bad and doubtful debts (<i>note 7(a)</i>)	(37,000)	(14,000)
	442,030	335,637

An aging analysis of loans receivable, net of allowance for bad and doubtful debts, is set out below:

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Within maturity dates	442,030	335,637

7(a) ALLOWANCE FOR BAD AND DOUBTFUL DEBTS

	Unaudited	Audited
	At 30 June	At 31 December
	2008	2007
	HK\$'000	HK\$'000
At beginning of period/year	14,000	–
Increase in allowances	23,000	14,000
	37,000	14,000

The directors assessed the collectability of loans receivable at the balance sheet date individually with reference to the borrowers' past collection history and current creditworthiness. An amount of HK\$23,000,000 (31 December 2007: HK\$14,000,000) 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\$442,030,000 (31 December 2007: HK\$335,637,000) and thus, no additional allowance was considered necessary.

8. OTHER RECEIVABLES

Included in other receivables is an aggregate amount of HK\$93,126,000 (31 December 2007: HK\$36,349,000) deposited in securities brokers for future investment purposes.

9. INTEREST-BEARING BORROWINGS

During the Period, the Group assumed bank loans of two subsidiaries of HK\$34,631,000 following the business combinations as detailed in note 12 for the purpose of financing the purchase of investment properties and a yacht.

The Group's interest-bearing borrowings are secured and bear interests at floating rates ranging from prime rate minus 3.15% to prime rate minus 0.5%, or at HIBOR plus 2%.



10. SHARE CAPITAL

	Note	Unaudited At 30 June 2008		Audited At 31 December 2007	
		Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised ordinary shares of HK\$0.1 each:					
At beginning of period/year		5,000,000,000	500,000	20,000,000,000	2,000,000
Increase during the period/year	(a)	45,000,000,000	4,500,000	30,000,000,000	3,000,000
Capital reorganisation		–	–	(45,000,000,000)	(4,500,000)
		<u>50,000,000,000</u>	<u>5,000,000</u>	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:					
At beginning of period/year		1,517,931,298	151,793	3,506,494,988	350,649
Issue of new shares	(b)	463,580,000	46,358	6,154,218,000	615,422
Issue of shares under share option scheme		–	–	2,018,600,000	201,860
Issue of shares on conversion of convertible notes		–	–	3,500,000,000	350,000
Issue of shares on rights issue	(c)	1,517,931,298	151,793	–	–
Repurchase of share	(d)	(1)	–	(8)	–
Capital reorganisation		–	–	(13,661,381,682)	(1,366,138)
		<u>3,499,442,595</u>	<u>349,944</u>	<u>1,517,931,298</u>	<u>151,793</u>
At balance sheet date					

Note:–

- (a) Pursuant to the ordinary resolution passed on 30 May 2008, the authorised share capital of the Company was increased to HK\$5,000,000,000 by the creation of an additional 45,000,000,000 ordinary shares of HK\$0.1 each.

10. SHARE CAPITAL *(Continued)*

- (b) Pursuant to the placing agreement signed during the Period, 303,580,000 new ordinary shares of HK\$0.1 each of the Company were issued to independent investors at HK\$0.17 each.

Pursuant to the sale and purchase agreement dated 14 April 2008, 160,000,000 ordinary shares of HK\$0.1 each of the Company were issued to acquire 100% equity interests in and the shareholder's loan to Allied Well Development Limited ("Allied Well"), details of which are set out in note 12.

- (c) Pursuant to the ordinary resolutions passed at the extraordinary general meeting held on 28 December 2007, rights shares of 1,517,931,298 were allotted to successful applicants at HK\$0.22 each on 29 January 2008.
- (d) The Company purchased 1 issued share of HK\$0.1 from the market pursuant to the powers granted to the directors under the repurchase mandate for the purpose of rounding down the then 3,499,442,596 issued shares to 3,499,442,595 issued shares so as to facilitate the share consolidation of the Company as set out in note 16.

All the shares issued during the Period rank pari passu in all respects with the then existing shares.



11. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Warrant reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2007 (audited)	291,267	18,273	3,315	–	(333,890)	(21,035)
Equity-settled share-based payment	–	–	5,656	–	–	5,656
Shares issued at premium, net of issuing expenses	83,893	–	–	–	–	83,893
Shares issued under share option scheme	53,999	–	(8,971)	–	–	45,028
Issue of warrants, net of expenses	–	–	–	72,278	–	72,278
Capital reorganisation, net of expenses	1,363,382	–	–	–	–	1,363,382
Realised on disposal of an associate	–	(8,198)	–	–	–	(8,198)
Expenses relating to issue and conversion of convertible notes	(8,750)	–	–	–	–	(8,750)
Loss for the year	–	–	–	–	(197,582)	(197,582)
At 31 December (audited)	<u>1,783,791</u>	<u>10,075</u>	<u>–</u>	<u>72,278</u>	<u>(531,472)</u>	<u>1,334,672</u>
At 1 January 2008 (audited)	1,783,791	10,075	–	72,278	(531,472)	1,334,672
Shares issued at premium, net of issuing expenses	197,618	–	–	–	–	197,618
Loss for the Period	–	–	–	–	(304,519)	(304,519)
At 30 June 2008 (unaudited)	<u>1,981,409</u>	<u>10,075</u>	<u>–</u>	<u>72,278</u>	<u>(835,991)</u>	<u>1,227,771</u>

12. BUSINESS COMBINATIONS

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

Acquisition date	Name of acquired companies	Place of incorporation	Principal activities	Cash/Share consideration HK\$
28 April 2008	Allied Well Development Limited (with its subsidiary, Hostbest Limited)	British Virgin Islands	Investment holding and property investment	20,160,000
3 June 2008	Uprite Limited	British Virgin Islands	Yacht owning	94,000,000

12. BUSINESS COMBINATIONS (Continued)

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

	Carrying value	Fair value
	HK\$'000	HK\$'000
Investment properties	33,500	34,223
Property, plant and equipment	91,276	94,820
Other receivables	21,393	21,393
Other payables	(109,977)	(1,645)
Interest-bearing borrowings	(34,631)	(34,631)
	<hr/>	<hr/>
Total consideration	<u>1,561</u>	<u>114,160</u>
Satisfied by:		
Cash consideration		94,000
Share consideration (<i>note</i>)		<u>20,160</u>
		<hr/>
		<u>114,160</u>
		<hr/>
Net cash outflow		<u>(94,000)</u>

Note: On 14 April 2008, the Group entered into an agreement with a third party to acquire 100% interest in Allied Well at a consideration of HK\$20.16 million which was satisfied by the issue and allotment of 160,000,000 ordinary shares of HK\$0.1 each of the Company at HK\$0.126 per share. The fair value of the shares issued was based on the closing share price as quoted on the Hong Kong Stock Exchange on the date of the agreement.

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

If the acquisition of subsidiaries effected during the Period had been taken place at the beginning of the period, the revenue and loss of the Group would have been HK\$406,140,000 and HK\$305,903,000 respectively.



13. PLEDGE OF ASSETS

At the balance sheet date, certain assets of the Group with the following carrying values were pledged to secure general banking facilities granted to the Group:

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Leasehold land and buildings	19,543	19,872
Yacht	91,201	–
Investment properties	358,223	324,000
	468,967	343,872

14. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these interim financial statements, the following related party transactions were entered into by the Group during the Period:–

- (a) A property of the Group with net book value of HK\$19,543,000 (At 31 December 2007: HK\$19,872,000) is occupied by a brother of a director of the Company for free.
- (b) Compensation to key management personnel

The remuneration of directors and other members of key management during the Period is as follows:

	2008 HK\$'000	2007 HK\$'000
Salaries, allowances and benefits in kind	2,628	2,625
Long service payment	427	–
Contributions to MPF Scheme	27	30
	3,082	2,655

The remuneration of directors and key executives is reviewed by the Remuneration Committee having regard to the performance of individuals and market trends.

- (c) During the Period, a continuing personal guarantee of HK\$20,000,000 (2007: NIL) was provided by a brother of a director of the Company for banking facilities granted to a subsidiary of the Company.

15. CAPITAL COMMITMENT

	Unaudited At 30 June 2008 HK\$'000	Audited At 31 December 2007 HK\$'000
Contracted but not provided for net of deposit paid	60,571	58,306

16. POST BALANCE SHEET EVENTS

Other than disclosed elsewhere in these interim financial statements, the following post balance sheet events were conducted:-

(a) Business combinations

Subsequent to the balance sheet date, the Group acquired the entire equity interests in the following companies.

Acquisition date	Name of acquired companies	Place of incorporation	Principal activities	Consideration HK\$
7 July 2008	Glamorous Investments Limited (with its subsidiary, Wiseteam Assets Limited)	British Virgin Islands	Investment holding and property investment	20,987,494
7 July 2008	Best Inspire Limited (with its subsidiary, Silver Target Limited)	British Virgin Islands	Investment holding and property investment	31,701,930
7 July 2008	Bright Majestic Limited (with its subsidiary, Wealth Champion Limited)	British Virgin Islands	Investment holding and property investment	34,192,969



16. POST BALANCE SHEET EVENTS (Continued)

(a) Business combinations (Continued)

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

	Carrying value HK\$'000	Fair value HK\$'000
Investment properties	147,000	147,000
Other receivables	776	776
Other payables	(58,002)	(10,335)
Interest-bearing borrowings	(50,559)	(50,559)
	<hr/>	<hr/>
Total consideration	<u>39,215</u>	<u>86,882</u>
Satisfied by:		
Convertible notes (note)		<u>86,882</u>

Note:-

On 19 May 2008, the Group entered into agreements with third parties to acquire 100% interest in and the shareholders' loans to Glamorous Investments Limited, Best Inspire Limited and Bright Majestic Limited at an aggregate consideration of approximately HK\$86,882,393 wholly satisfied by the issue of convertible notes at initial conversion price of HK\$0.11 per share. The conversion price was subsequently adjusted to HK\$0.298 per share.

If the acquisition of subsidiaries effected during the Period (see note 12) and after the balance sheet date had been taken place at the beginning of the Period, the revenue and loss of the Group would have been HK\$408,710,000 and HK\$306,954,000 respectively.

16. POST BALANCE SHEET EVENTS (Continued)

- (b) At the extraordinary general meeting of the Company held on 4 August 2008, the resolutions approving the share consolidation and the capital reduction of the Company (the “Capital Reorganisation”) and the rights issue were duly passed and the Capital Reorganisation have become effective from the close of business on 4 August 2008. The effects of the Capital Reorganisation and the rights issue are as follows:
- (i) Under the capital reduction, the authorised capital of the Company was reduced from HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each to HK\$1,000,000,000 divided into 50,000,000,000 reduced shares of HK\$0.02 each and the reduction be effected by way of the cancellation of HK\$0.08 of the paid up capital on each issued share of HK\$0.10 and reducing the nominal value of each issued or unissued share from HK\$0.10 to HK\$0.02 per reduced share.
 - (ii) Under the share consolidation, every five reduced issued and unissued shares of HK\$0.02 each was consolidated into one adjusted issued or unissued consolidated share of HK\$0.10 each.
 - (iii) Rights issue of 1,749,721,295 rights shares on the basis of five rights shares for every two adjusted shares held at a price of HK\$0.15 per rights share. The rights shares have been allotted after 30 June 2008.
- (c) Pursuant to the acquisition agreement dated 8 September 2008, the Group agreed to conditionally acquire the 100% issued share capital of and the shareholders’ loan to Jet Star Industries Limited (“Jet Star”) at a consideration of approximately HK\$112 million which will be wholly satisfied by the issue and allotment of 800,000,000 ordinary shares of HK\$0.1 each of the Company at HK\$0.14 per share. Jet Star is principally engaged in property investment in the People’s Republic of China. The acquisition is subject to shareholder’s approval at the extraordinary general meeting to be held on or about 16 October 2008.
- (d) Pursuant to the termination deed dated 11 September 2008, the Group agreed to terminate the convertible notes in the aggregate principal amount of approximately HK\$86,882,393, in consideration of an issue of 650,000,000 settlement shares by the Company at the issue price of HK\$0.14 per share, as full and final settlement of the Company’s obligations under the convertible notes. The termination is subject to shareholder’s approval at the extraordinary general meeting to be held on or about 16 October 2008.

17. COMPARATIVE FIGURES

Certain comparative figures regarding other income, employee benefit expense and other operating expenses in the condensed consolidated incomes statement and turnover and segment information in note 2 have been reclassified to conform with the current period’s presentation.



INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2008 (2007: Nil).

RESULTS

Turnover for the six months ended 30 June 2008 amounted to HK\$405.9 million, a decrease of 48.5% when compared with HK\$787.9 million for the corresponding period last year. The decrease in turnover was mainly attributable to the decrease in the sale of listed investments during the Period. Loss attributable to equity holders for the Period was HK\$304.5 million compared with a profit of HK\$135.9 million for the corresponding period last year. Loss attributable to equity holders for the Period was mainly resulted from the net realised loss on sale of listed investments of HK\$79.9 million (2007: net realised gain of HK\$103.1 million) and net unrealised loss on listed investments held for trading of HK\$195.1 million (2007: net unrealised gain of HK\$42.1 million). Basic loss per share for the Period was HK\$0.4228 compared with basic earnings per share HK\$0.8416 (restated) for the corresponding period last year.

BUSINESS REVIEW AND PROSPECTS

Since the last time the Company addressed to the public, our shareholders, in the Chairman's Statement of the annual report of the Company in April 2008, the Hong Kong Hang Seng Index has further deteriorated by about 21% or from around 24,000 to around 19,000. The Shanghai and Shenzhen stock markets have fared much worse than that of Hong Kong. Oil price has been extremely volatile, reaching a high of about US\$160 per barrel before its current trading price of around US\$100 per barrel. Financial markets around the world were put into uncertainties and turmoil as a result of the US mortgage back securities. Financial powerhouses Bear Stern and Lehman Brothers have failed, Merrill Lynch has been sold at substantial discount, Fannie Mae and Freddie Mac have been taken over by the US government. Even the insurance giant, AIG, is borrowing from the US Government to stay alive. The US Government is contemplating a US\$700 billion financial rescue plan to prevent the collapse of US economy.

During the Period, the Group remain focused on its principal business of property investment, investment in securities trading, money lending and the acquisition and development of nature resources. During the first 6 months of the year, the Company was fortunate to have successfully strengthened our Company through various placement and other financial instruments and arrangements. During this Period, the Company has increased its capital base by approximately HK\$405.7 million (before issue expenses). In June 2008, the Company further announced the rights issue to raise approximately HK\$262 million (before issue expenses).

The Company had acquired various real estate properties during the first half of the year. In April 2008, the Company announced the acquisition of the entire interests in Allied Well Development Limited for the principal assets of its subsidiary, being Room 2201 to 2203 and Room 2205 to 2209 on 22nd Floor of China United Centre, 28 Marble Road, North Point, Hong Kong at the consideration of HK\$20,160,000. The consideration was satisfied by the issuance and allotment of 160,000,000 consideration shares of the Company. In May 2008, the Group entered into three sale and purchase agreements to acquire the entire interests in Glamorous Investments Limited, Best Inspire Limited and Bright Majestic Limited for the principal assets of their subsidiaries, being the entire of 30th, 31st and 32nd Floor of China United Centre, 28 Marble Road, North Point, Hong Kong at the aggregate consideration of approximately HK\$86.9 million. The consideration was satisfied by issue of the convertible notes (the "Notes").

During the Period, the Group also acquired the entire interests in Uprite Limited for a yacht and certain marine facilities at a cash consideration of HK\$94 million. The investment is expected to generate rental income through the leasing of the yacht and marine facilities on a time sharing basis.

In September 2008, the Company announced the acquisition (subject to shareholders' approval) of a property holding company for a commercial building situated in Guangzhou City at the consideration of HK\$112 million which will be wholly satisfied by the issuance of consideration shares. Moreover, the Company also announced to acquire a property, being the entire of 29th Floor of China United Centre, 28 Marble Road, North Point, Hong Kong at the cash consideration of HK\$58,880,000. In order to reduce the liabilities of the Company and to improve the financial position of the Group, in September 2008, the Company also proposed (subject to shareholders' approval) to terminate the Notes in the aggregate principal amount of approximately HK\$86.9 million in consideration of an issuance of 650,000,000 shares of the Company at an issue price of HK\$0.14 per share.

It is the Group's intention to strengthen its income base through the acquisitions and the subsequent lease of the properties. The Board believes that the rental income derived by various properties of the Company will generate a stable source of income to the Group. As most of the properties were acquired without using internal funds, the Company remains strong in cash and liquid asset and we are still in a good position to take advantage of opportunities as they may arise.

The group has suspended the talks with Berlinwasser regarding certain project water works project in China. The Group has also evaluated and turned down certain oil recovery projects in Kazakstan. Our forestry project has suffered some delay due to local government regulations and permits. Harvest of lumber has just begun recently. The Group continues to evaluate projects in the natural resources and energy sectors. Our investment portfolio which consists of mostly local stocks and investment instruments has suffered a further write down due to the global financial uncertainties, we will continue to monitor the portfolio and apply appropriate actions.

The year ahead is full of uncertainties, the economy will grow thanks to various economic stimulus packages offered by the governments, but in the face of high inflation, tight credit, and global uncertainties, the economy will grow sluggishly. The Board will proceed with caution for the remainder of the year.

FINANCIAL REVIEW

Liquidity and Capital Resources

During the Period, the Company has completed one share placement for 303,580,000 new shares and the issuance of 1,517,931,298 rights shares from exercise of rights issue, raising a total additional equity (before issue expenses) of approximately HK\$51.6 million and HK\$333.9 million respectively. Furthermore, the Company has issued 160,000,000 new shares to satisfy the acquisition cost of approximately HK\$20.2 million for properties located in Hong Kong.

As at 30 June 2008, the Group's total equity amounted to HK\$1,577.7 million as compared with HK\$1,486.5 million at 31 December 2007. As at 30 June 2008, the Group had net current assets of HK\$999.5 million including cash and cash equivalents of HK\$68.1 million as compared with HK\$1,048.3 million including cash and cash equivalents of HK\$304.4 million at 31 December 2007. The Group maintained a low gearing ratio of 9.2% (computed on the basis of net borrowings to total equity) and current ratio of 31.6 times at 30 June 2008 as compared to 2.5% and 6.8 times respectively at 31 December 2007.

As at 30 June 2008, the Group had bank borrowings amounted to HK\$213.6 million (31 December 2007: bank and other borrowings of HK\$341.6 million). Of the Group's bank borrowings of HK\$213.6 million, 8.2%, 8.4%, 23.5%, 59.9% 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 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.



Pledge of Assets

As at 30 June 2008, certain assets of the Group with an aggregate carrying value of HK\$469 million (31 December 2007: HK\$343.9 million) have been pledged to banks to secure banking facilities granted to the Group.

Capital Commitments

As at 30 June 2008, the Group had capital commitments contracted but not provided for net of deposit paid in respect of balance payment for acquisition of properties and other capital expenditure amounting to HK\$60.6 million (31 December 2007: HK\$58.3 million).

Contingent Liabilities

As at 30 June 2008, the Group had no material contingent liabilities.

Employees

As at 30 June 2008, the Group employed a total of 32 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2008, none of the directors or chief executive of the Company and their respective associates had any interest or short position in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities.

At no time during the Period was the Company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests in the Company's issued shares as at 30 June 2008 amounting to 5% or more of the ordinary shares, warrants and convertible notes in issue:

Interests in the Company

Name	Nature of interests	Number of ordinary shares of HK\$0.1	Approximate percentage of shareholding
Get Nice Holdings Limited (<i>Note 1</i>)	Interests of controlled corporation	1,115,136,400	34.73%
Radford Capital Investment Limited	Interests of controlled corporation	346,416,800	9.90%

Note:

- (1) These are the rights shares which Get Nice Securities Limited had underwritten in respect of the rights issue. Get Nice Securities Limited is wholly-owned by Get Nice Incorporated which in turn is wholly-owned by Get Nice Holdings Limited.

Save as disclosed above, as at 30 June 2008, no persons had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any options in respect of such capital.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, the Company purchased 1 share of HK\$0.10 each in the capital of the Company at HK\$0.042 (or HK\$0.165 adjusted) per share on the Hong Kong Stock Exchange.

Date	Number of shares repurchased	Price per share	Aggregate consideration paid (excluding expenses)
27 June 2008	1	HK\$0.042	HK\$0.042

The repurchased share was cancelled and the issued share capital of the Company was diminished by the nominal value thereof.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

BOARD OF DIRECTORS

As at the date of this report, the Board is comprised of four executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. King Phillip, Mr. Wong Ying Seung, Asiong, Mr. Wang Lin, and four independent non-executive directors, namely, Ms. Lin Wai Yi, Mr. Liu Jian, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond. In April 2008, Mr. Lo Kan Sun and Mr. Nakajima Toshiharu resigned as an executive director and an independent non-executive director of the Company respectively. Upon the resignation of Mr. Lo Kan Sun, Ms. Lee Kwan Ching ceased to be an alternate to Mr. Lo Kan Sun and she has become the alternate director to Mr. Wong Ying Seung, Asiong thereafter.



The Board has approved the unaudited consolidated financial statements of the Group for the six months ended 30 June 2008. The Board considers that the said financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and the amounts reflected are based on the best estimates and reasonable, informed and prudent judgment of the Board with an appropriate consideration to materiality.

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. Shum Ming Choy (Chairman of the Audit Committee), Ms. Lin Wai Yi and Mr. Yau Yan Ming, Raymond. The primary duties of the Audit Committee include, among other matters, the review of the accounting principles and practices adopted by the Company, the internal control system and the financial results of the Company.

The Group’s interim results for the six months ended 30 June 2008 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. Shum Ming Choy 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.

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
Chuang Yueheng, Henry
Chairman

Hong Kong, 23 September 2008