



## WINFOONG INTERNATIONAL LIMITED

( 榮 豐 國 際 有 限 公 司 )

(incorporated in Bermuda with limited liability)

### ANNOUNCEMENT OF AUDITED RESULTS

The Directors of Winfoong International Limited (the "Company") present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2002.

	Notes	2002 HK\$'000	2001 HK\$'000
TURNOVER		<b>62,631</b>	77,869
Cost of sales	2	<b>(29,500)</b>	(45,273)
Gross profit		<b>33,131</b>	32,596
Other revenue		<b>674</b>	582
Operating and administrative expenses		<b>(34,402)</b>	(36,280)
Other operating expenses		<b>(1,603)</b>	(4,196)
Provision for impairment of properties held for sale		<b>(6,830)</b>	(8,578)
Deficit on revaluation of land and buildings		<b>(2,227)</b>	-
LOSS FROM OPERATING ACTIVITIES	3	<b>(11,257)</b>	(15,876)
Finance costs		<b>(17,549)</b>	(27,204)
Share of loss of an associate		<b>(28,806)</b>	(43,080)
		<b>(84,521)</b>	(3,420)
LOSS BEFORE TAX		<b>(113,327)</b>	(46,500)
Tax	4	<b>(2,671)</b>	1,188
LOSS BEFORE MINORITY INTERESTS		<b>(115,998)</b>	(45,312)
Minority interests		<b>20</b>	(754)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		<b>(115,978)</b>	(46,066)
LOSS PER SHARE – BASIC	5	<b>(9.28cents)</b>	(6.73cents)

#### 1. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following new and revised SSAPs are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised): "Presentation of financial statements"
- SSAP 11 (Revised): "Foreign currency translation"
- SSAP 15 (Revised): "Cash flow statements"
- SSAP 33: "Discontinuing operations"
- SSAP 34: "Employee benefits"

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## 2. SEGMENT INFORMATION

The following table presents revenue, profit/(loss) for the Group's business segments.

	Property investment and management HK\$'000	Property construction and development HK\$'000	Horticultural services HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2002						
Segment revenue:						
Sales to external customers	39,823	19,620	3,188	-	-	62,631
Intersegment sales	3,942	2,363	-	-	(6,305)	-
Other revenue	-	-	-	319	-	319
Total revenue	<u>43,765</u>	<u>21,983</u>	<u>3,188</u>	<u>319</u>	<u>(6,305)</u>	<u>62,950</u>
Segment results	<u>13,453</u>	<u>(1,793)</u>	<u>226</u>	<u>(17,193)</u>	<u>(6,305)</u>	<u>(11,612)</u>
Interest income						355
Loss from operating activities						(11,257)
Finance costs						(17,549)
Share of loss of an associate	(84,521)	-	-	-	-	(84,521)
Loss before tax						(113,327)
Tax						(2,671)
Loss before minority interests						(115,998)
Minority interests						20
Net loss attributable to shareholders						<u>(115,978)</u>

	Property investment and management HK\$'000	Property construction and development HK\$'000	Horticultural services HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
2001						
Segment revenue:						
Sales to external customers	35,072	39,495	3,302	-	-	77,869
Intersegment sales	2,938	2,038	-	-	(4,976)	-
Other revenue	-	-	-	369	-	369
Total revenue	<u>38,010</u>	<u>41,533</u>	<u>3,302</u>	<u>369</u>	<u>(4,976)</u>	<u>78,238</u>
Segment results	<u>8,771</u>	<u>(2,913)</u>	<u>(582)</u>	<u>(37,019)</u>	<u>15,654</u>	<u>(16,089)</u>
Interest income						213
Loss from operating activities						(15,876)
Finance costs						(27,204)
Share of loss of an associate	(3,420)	-	-	-	-	(3,420)
Loss before tax						(46,500)
Tax						1,188
Loss before minority interests						(45,312)
Minority interests						(754)
Net loss attributable to shareholders						<u>(46,066)</u>

Intersegment sales and transfers are transacted at terms agreed between parties with reference to third party prices.

The operations outside Hong Kong contributed less than 10% of turnover and less than 10% of consolidated operating loss.

## 3. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	2002 HK\$'000	2001 HK\$'000
Depreciation	1,929	2,092
Loss on disposal of properties held for sale	<u>3,460</u>	<u>4,466</u>

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## 4. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries:		
Provision for the year		
Hong Kong	(536)	(123)
Over provision in prior years:		
Hong Kong	60	1,419
	(476)	1,296
Share of tax attributable to an associate:		
Elsewhere	(2,195)	(108)
Tax credit/(charge) for the year	(2,671)	1,188

## 5. LOSS PER SHARE – BASIC

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK\$115,978,000 (2001: HK\$46,066,000) and the weighted average of 1,249,489,358 (2001: 684,416,993) ordinary shares in issue during the year.

The fully diluted loss per share is not shown for both years because the effect of any dilution is anti-dilutive.

## 6. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2001: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS AND FUTURE PROSPECTS

During the year, the Group continued to engage in property related businesses and provision of horticultural services. Due to the decrease in revenue from property development, the Group's turnover decreased by 19.6% despite the increase in rental income brought by the property interest acquired during the year.

The Group recorded net loss of approximately HK\$116 million. Overall performance of the Group was adversely affected by the Group's share of the revaluation deficit of properties held by an associate in Singapore of approximately HK\$86.8 million. The Group's loss from operating activities and finance costs decreased by approximately HK\$4.6 million and approximately HK\$9.7 million respectively.

In April 2002, an open offer of 747,416,993 shares of HK\$0.05 each was made at a cash price of HK\$0.195 per share to the public for an aggregate consideration before expenses of HK\$145.7 million. The proceed has been applied as to approximately HK\$74.1 million for the acquisition of a subsidiary, and the remaining balance for the repayment of part of the bank loan of the subsidiary. The subsidiary is engaged in the business of property investment and the principal asset of the subsidiary is a residential building in the Mid-Levels, Hong Kong.

The net asset value of the Group per share as at 31 December 2002 was approximately HK\$0.84 based on the 1,492,611,986 shares issued.

Current global political and general economic uncertainties may continue to adversely affect the Hong Kong economy, the Group will invest in areas which will enhance its asset value by constantly assessing its particular market segment and re-positioning and upgrading its properties where appropriate.

### LIQUIDITY AND FINANCIAL RESOURCES

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Group's latest annual report. The Group has no exposure to foreign exchange rate fluctuations except for the interests in an associate in Singapore which is held as long term investment. The Group's borrowings are denominated in Hong Kong dollars and arranged on a floating rate basis.

The Group's working capital requirements are met by recurring cash flows from the investment properties portfolio and committed undrawn credit facilities. Majority of the Group's borrowings matures in or after 2006. As at 31 December 2002, the outstanding bank loans amounted approximately HK\$559.6 million. These loan facilities were secured by the Group's investment properties and corporate guarantees given by the Company. Due to the downward revaluation of assets, there was a rise in the year-end gearing ratio.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased and cancelled certain of its listed shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Details of the repurchases are shown as follows:

Month of purchase	Number of shares repurchased	Price per share paid		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	
July 2002	80,000	0.170	0.170	14,118
August 2002	463,000	0.170	0.160	80,388
September 2002	120,000	0.160	0.160	19,924
October 2002	563,000	0.161	0.160	93,618
November 2002	454,000	0.156	0.150	72,775
December 2002	542,000	0.150	0.148	84,128
	<u>2,222,000</u>			<u>364,951</u>

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## CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the reported accounting year.

## DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be subsequently published on the Stock Exchange's website in due course.

BY ORDER OF THE BOARD  
**WINFOONG INTERNATIONAL LIMITED**  
**Patrick Cheong**  
*Chairman*

Hong Kong  
28 March 2003

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company for the year ended 31 December 2002 will be held at Room 801, 9 Queen's Road Central, Hong Kong on 21 May 2003 at 10:00 a.m. for the following purposes:

- (1) To receive and consider the statement of accounts and the reports of the directors and the auditors for the year ended 31 December 2002.
- (2) To re-elect Directors and to fix their remuneration.
- (3) To re-appoint Auditors and to authorise the board of directors to fix their remuneration.
- (4) To consider and, if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:

### ORDINARY RESOLUTIONS

1. "THAT there be granted to the directors of the Company an unconditional general mandate to repurchase shares of HK\$0.05 each in the capital of the Company and that the exercise by the directors of the Company of all powers of the Company to purchase shares of the Company subject to and in accordance with all applicable laws, be and are hereby generally and unconditionally approved, subject to the following conditions:
  - (a) such mandate shall not extend beyond the Relevant Period;
  - (b) the aggregate nominal amount of share capital of the Company to be purchased by the directors of the Company during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution;
  - (c) for the purposes of this resolution:

"Relevant Period" means the period from the date of this resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; and
    - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."
2. "THAT there be granted to the directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares in respect thereof, subject to the following conditions:
  - (a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares which might require the exercise of such powers after the end of the Relevant Period;
  - (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally, to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any issue of shares in the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to shares; and (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company in issue on the date of this resolution and the approval granted under 2(b) shall be limited accordingly; and
  - (c) for the purpose of this resolution:

"Relevant Period" means the period from the date of this resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; and
    - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong)."
3. "THAT, conditional upon the passing of the Ordinary Resolutions Nos. 1 and 2 as set out in the notice of this meeting, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with Ordinary Resolution No. 1 aforesaid shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with Ordinary Resolution No. 2 aforesaid."

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- (5) To transact any other business of the Company.

By Order of the Board  
**Winfoong International Limited**  
**Patrick Cheong**  
*Chairman*

Hong Kong, 28 March 2003

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. Concerning Resolution No. 2 above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please also refer to the published version of this announcement in The Standard dated on 31-3-2003.