



# WINFOONG INTERNATIONAL LIMITED

## ( 榮 豐 國 際 有 限 公 司 )

*(Incorporated in Bermuda with limited liability)*

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

The Directors of Winfoong International Limited (the “Company”) present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2003.

|  |       | Unaudited six months<br>ended 30 June |          |
|--|-------|---------------------------------------|----------|
|  |       | 2003<br>2002                          | 2002     |
|  | Notes | HK\$'000                              | HK\$'000 |
| TURNOVER                                 | 2     | 23,801                                | 26,398   |
| Cost of sales                            |       | (9,089)                               | (9,498)  |
| Gross profit                             |       | 14,712                                | 16,900   |
| Other revenue                            |       | 2,474                                 | 257      |
| Operating and administrative<br>expenses |       | (15,081)                              | (19,162) |

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## PROFIT/(LOSS) FROM OPERATING

|  |   |                           |                            |
|--|---|---------------------------|----------------------------|
| ACTIVITIES                             | 3 | <b>2,105</b>              | (2,005)                    |
| Finance costs                          | 4 | <b>(7,709)</b>            | (8,658)                    |
| Share of profit/(loss) of an associate |   | <b>2,270</b>              | (1,912)                    |
|  |   | <hr/>                     | <hr/>                      |
| LOSS BEFORE TAX                        |   | <b>(3,334)</b>            | (12,575)                   |
| Tax charge                             | 5 | <b>(697)</b>              | (117)                      |
|  |   | <hr/>                     | <hr/>                      |
| LOSS BEFORE MINORITY INTERESTS         |   | <b>(4,031)</b>            | (12,692)                   |
| Minority interests                     |   | <b>10</b>                 | 8                          |
|  |   | <hr/>                     | <hr/>                      |
| NET LOSS ATTRIBUTABLE TO SHAREHOLDERS  |   | <b><u>(4,021)</u></b>     | <b><u>(12,684)</u></b>     |
|  |   | <hr/>                     | <hr/>                      |
| BASIC LOSS PER SHARE                   | 6 | <b><u>(0.27cents)</u></b> | <b><u>(1.27 cents)</u></b> |

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The accounting policies and the basis of preparation used in the preparation of these interim financial statements are the same as those used in the annual audited financial statements for the year ended 31 December 2002, except that:

- (i) the land and buildings and investment properties have not been revalued at the balance sheet date; and

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- (ii) SSAP12 “Income taxes” has been adopted for the first time in the preparation of the current period's condensed consolidated financial statements. The SSAP 12 requires deferred tax assets and liabilities to be provided in full using the liability method, on temporary differences arising between the tax base of an asset or a liability and its carrying value in the financial statements at the balance sheet date. Deferred tax assets or liabilities arising from temporary differences need to be measured at the tax rates enacted or substantially enacted by the balance sheet date. The principal temporary differences in respect of the Company arise from depreciation of fixed assets, various expense provisions and tax losses carried forward. In the opinion of the directors, the adoption of the revised SSAP did not have a material impact on the results of the Group for the current and prior accounting periods, accordingly, no prior period adjustment has been required.

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## 2. SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activities is as follows:

|  | Unaudited six months<br>ended 30 June 2003                   |              | Unaudited six months<br>ended 30 June 2002                 |                |
|--|--|--------------|--|----------------|
|  | Contribution<br>to profit<br>from<br>operating<br>activities |              | Contribution<br>to loss<br>from<br>operating<br>activities |                |
|  | Turnover<br>HK\$'000   | HK\$'000     | Turnover<br>HK\$'000                                       | HK\$'000       |
| By activity:                             |  |              |  |                |
| Property construction and<br>development | 4,951  | (810)        | 6,219  | (1,320)        |
| Property investment<br>and management    | 17,346   | 6,084        | 18,697   | 10,278         |
| Horticultural services                   | 1,504  | 39           | 1,482  | (368)          |
|  | <u>23,801</u>  | <u>5,313</u> | <u>26,398</u>  | <u>8,590</u>   |
| Corporate and others                     |  | (3,318)      |  | (10,697)       |
| Interest income                          |  | 110          |  | 102            |
|  |  | <u>2,105</u> |  | <u>(2,005)</u> |

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

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## 3. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

|   | <b>Unaudited six months<br/>ended 30 June</b> |              |
|---|---|--------------|
|   | <b>2003</b>                                   | 2002         |
|   | <b>HK\$'000</b>                               | HK\$'000     |
| Depreciation  | 944   | 950          |
| Cost of properties sold   | 5,572   | 7,127        |
| Decrease/(increase) in fair value<br>of listed investments      | (15)  | 48           |
| Profit on disposal of fixed assets                              | (3)   | —            |
| Rental income, gross of HK\$16,846,000<br>(2002:HK\$18,127,000) |   |              |
| less outgoings of HK\$3,326,000<br>(2002:HK\$2,195,000)         | (13,520)                                      | (15,932)     |
| Interest income   | <u>(110)</u>                                  | <u>(102)</u> |

## 4. FINANCE COSTS

|                        | <b>Unaudited six months<br/>ended 30 June</b> |              |
|------------------------|---|--------------|
|                        | <b>2003</b>                                   | 2002         |
|                        | <b>HK\$'000</b>                               | HK\$'000     |
| Interest on bank loans | <u>7,709</u>                                  | <u>8,658</u> |

**5. TAX**

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong. 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.

**Unaudited six months  
ended 30 June**

**2003                      2002**  
**HK\$'000                  HK\$'000**

Share of tax attributable to an associate:

Elsewhere

|  |                   |                   |
|--|-------------------|-------------------|
|  | <b>697</b>        | <b>117</b>        |
|  | <u>          </u> | <u>          </u> |

Deferred taxation in respect of the temporary differences and unused tax losses for the periods has not been recognized as the temporary differences are not material and it is not probable that future taxable profits will be available for offsetting the unused tax losses.

**6. BASIC LOSS PER SHARE**

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$4,021,000 (2002:HK\$12,684,000) and the weighted average number of 1,492,418,655 (2002:1,001,001,819) ordinary shares in issue during the period.

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

**7. INTERIM DIVIDEND**

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2003(2002: Nil).

## **REVIEW OF OPERATIONS AND FUTURE PROSPECTS**

During the period, the Group continues to engage in property related businesses and provision of horticultural services. The decrease in turnover was due to the decrease in rental income and revenue from property development.

The Group recorded net loss of approximately HK\$4.0 million in 2003 which represented a decrease of approximately 68.3% from 2002. The decrease in loss was mainly attributable to the share of profit of an associate and the decrease in operating and administrative expenses.

The net asset value of the Group per share as at 30 June 2003 was approximately HK\$0.84 based on the 1,492,410,986 shares issued.

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 interest 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.

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The Group's working capital requirements are met by recurring cash flows from the investment properties portfolios and committed undrawn credit facilities. Majority of the Group's borrowings matures in or after 2006. As at 30 June 2003, the outstanding bank loan amounted approximately HK\$564.1 million. These loan facilities were secured by the Group's investment properties. The Company has provided guarantees in respect of bank facilities made available to subsidiaries totaling approximately HK\$630.1 million.

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

In January 2003, the Company repurchased a total of 201,000 of its shares on the Stock Exchange of Hong Kong Limited ("Stock Exchange") at a total consideration of HK\$30,650 all of which were cancelled accordingly. The highest and lowest price per share paid were HK\$0.155 and HK\$0.150 respectively. Except for the above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

### **CODE OF BEST PRACTICE**

The directors are not aware of any information that would reasonably indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules for any part of the accounting period covered by the interim report.



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## **DETAILED RESULTS ANNOUNCEMENT**

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) 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  
29 August 2003

Please also refer to the published version of this announcement in The Standard dated on 01-09-2003.