



WINFOONG INTERNATIONAL LIMITED

(榮 豐 國 際 有 限 公 司)

(Incorporated in Bermuda with limited liability)

(Stock code: 63)

2004 SUMMARISED INTERIM RESULT ANNOUNCEMENT

SIX MONTHS ENDED 30 JUNE 2004

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 2004.

	Notes	Unaudited six months ended 30 June	
		2004	2003
		HK\$'000	HK\$'000
Turnover	2	20,862	23,801
Cost of sales		(7,379)	(9,089)
Gross profit		13,483	14,712
Other revenue		1,222	2,474
Operating and administrative expenses		(14,653)	(15,081)
Provision for impairment of properties held for sale		(4,417)	—
(Loss)/profit from operating activities	3	(4,365)	2,105
Finance costs	4	(4,895)	(7,709)
Share of (loss)/profit of an associate		(112)	2,270
Loss before tax		(9,372)	(3,334)
Tax	5	(183)	(697)
Loss before minority interests		(9,555)	(4,031)

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Minority interests		<u>14</u>	<u>10</u>
Loss attributable to shareholders		<u>(9,541)</u>	<u>(4,021)</u>
Loss per share - Basic	6	<u>(0.64 cents)</u>	<u>(0.27 cents)</u>

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 2003, except that the land and buildings and investment properties have not been revalued at the balance sheet date.

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 ended 30 June 2004		Unaudited six months ended 30 June 2003	
	Contribution to loss from operating activities		Contribution to profit from operating activities	
	Turnover HK\$'000	HK\$'000	Turnover HK\$'000	HK\$'000
By activity:				
Property investment and management	17,704	5,776	17,346	6,084
Property construction and development	1,637	(4,768)	4,951	(810)
Horticultural services	1,521	172	1,504	39
	<u>20,862</u>	<u>1,180</u>	<u>23,081</u>	<u>5,313</u>
Corporate and others		(5,549)		(3,318)
Interest income		4		110
		<u>(4,365)</u>		<u>2,105</u>

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

3. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

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

	Unaudited six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Depreciation	668	944
Cost of properties sold	1,850	5,572
Increase in fair value of listed investments	—	(15)
Profit on disposal of listed investments	(172)	—
Dividends from unlisted investment	(183)	—
Loss/(profit) on disposal of fixed assets	6	(3)
Rental income, gross of HK\$17,264,000 (2003:HK\$16,846,000)		
less outgoings of HK\$5,329,000 (2003:HK\$3,326,000)	(11,935)	(13,520)
Interest income	(4)	(110)
	<u><u> </u></u>	<u><u> </u></u>

4. FINANCE COSTS

	Unaudited six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Interest on bank loans	4,895	7,709
	<u><u> </u></u>	<u><u> </u></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	
	2004	2003
	HK\$'000	HK\$'000
Share of tax attributable to an associate:		
Elsewhere	183	697
	<u><u> </u></u>	<u><u> </u></u>

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to shareholders for the period of HK\$9,541,000 (2003:HK\$4,021,000) and the weighted average number of 1,492,410,986 (2003:1,492,418,655) 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 2004 (2003: 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 the revenue from the business segment of property construction and development.

The Group recorded net loss of approximately HK\$9.5 million for the period. The increase in loss was mainly attributable to the provision made for the Group's properties held for sale.

The net asset value of the Group per share as at 30 June 2004 was approximately HK\$0.81 based on the 1,492,410,986 shares issued.

The Group will continue to capture investment and development opportunities in Hong Kong.

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.

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 2010. As at 30 June 2004, the outstanding bank loan amounted approximately HK\$564.6 million. These loan facilities were secured by the Group's properties. The Company has provided guarantees in respect of bank facilities made available to subsidiaries totaling approximately HK\$622.6 million.

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

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.

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.

As at the date hereof, the Board comprises:

Executive directors:

Cheong Pin Chuan, Patrick

Cheong Kim Pong

Cheong Pin Seng

Cheong Sim Eng

Independent non-executive directors:

Kan Fook Yee

Lai Hing Chiu, Dominic

Non-executive director:

Lim Ghee

BY ORDER OF THE BOARD
WINFOONG INTERNATIONAL LIMITED
Cheong Pin Chuan, Patrick
Chairman

Hong Kong

13 August 2004

Please also refer to the published version of this announcement in China Daily dated 16 August 2004.