



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 2003.

	Notes	2003 HK\$'000	2002 HK\$'000
Turnover	2	46,692	62,631
Cost of sales		(22,952)	(29,500)
Gross profit	2	23,740	33,131
Other revenue		6,514	674
Operating and administrative expenses		(28,431)	(34,402)
Other operating expenses		(774)	(1,603)
Provision for impairment of properties held for sale		(5,020)	(6,830)
Deficit on revaluation of land and buildings		(2,578)	(2,227)
Loss from operating activities	3	(6,549)	(11,257)
Finance costs		(13,979)	(17,549)
		(20,528)	(28,806)
Share of loss of an associate		(17,971)	(84,521)
Loss before tax		(38,499)	(113,327)
Tax	4	(1,533)	(2,671)
Loss before minority interests		(40,032)	(115,998)
Minority interests		(1,094)	20
Loss attributable to shareholders		(41,126)	(115,978)
Loss per share – Basic	5	(2.76cents)	(9.28cents)

1. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP")

SSAP12 (revised) "Income taxes" has been adopted for the first time in the preparation of the current year's consolidated financial statements. The SSAP 12 (revised) requires deferred tax assets and liabilities to be provided in full using the balance sheet 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 at the balance sheet date. The adoption of the revised SSAP has not had any significant impact on the results of the Group for the current and prior accounting years, accordingly, no prior year adjustment has been required.

2. SEGMENTAL INFORMATION

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

	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
2003						
Segment revenue:						
Sales to external customers	32,004	11,480	3,208	-	-	46,692
Intersegment sales	3,643	5,135	-	-	(8778)	-
Other revenue	2,452	3,513	11	419	-	6,395
Total revenue	38,099	20,128	3,219	419	(8,778)	53,087
Segment results	(687)	6,806	104	(4,113)	(8,778)	(6,668)
Interest income						119
Loss from operating activities						(6,549)
Finance costs						(13,979)
Share of loss of an associate	(17,971)	-	-	-	-	(17,971)
Loss before tax						(38,499)
Tax						(1,533)
Loss before minority interests						(40,032)
Minority interests						(1,094)
Loss attributable to shareholders						(41,126)

Winfoong International Limited

	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
Loss attributable to shareholders						<u>(115,978)</u>

The following tables present revenue for the Group's geographical segments.

	Hong Kong and Mainland China HK\$'000	Singapore HK\$'000	Consolidated HK\$'000
2003			
Segment revenue:			
Sales to external customers	46,692	—	46,692
Other revenue	<u>2,889</u>	<u>3,506</u>	<u>6,395</u>
Total revenue	<u>49,581</u>	<u>3,506</u>	<u>53,087</u>
2002			
Segment revenue:			
Sales to external customers	62,631	—	62,631
Other revenue	<u>319</u>	<u>—</u>	<u>319</u>
Total revenue	<u>62,950</u>	<u>—</u>	<u>62,950</u>

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

3. LOSS FROM OPERATING ACTIVITIES

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

	2003 HK\$'000	2002 HK\$'000
Depreciation	1,731	1,929
Gain on disposal of fixed assets	(234)	—
Loss on disposal of properties held for sale	<u>1,415</u>	<u>3,460</u>
4. TAX	2003 HK\$'000	2002 HK\$'000
Current—		
Hong Kong taxation		
Provision for the year	—	(536)
Over provision in prior years	<u>361</u>	<u>60</u>
Deferred—	<u>361</u>	<u>(476)</u>
	<u>(411)</u>	<u>—</u>
Tax attributable to the Company and its subsidiaries	(50)	(476)
Share of tax attributable to an associate—		
Elsewhere	<u>(1,483)</u>	<u>(2,195)</u>
Tax charge for the year	<u>(1,533)</u>	<u>(2,671)</u>

No provision for profits tax has been made as the Company and its subsidiaries either has no estimated assessable profits or has available tax losses brought forward from prior years to offset against current year estimated assessable profits. In previous year, Hong Kong profits tax has been provided at the rate of 16% on the estimated 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.

5. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to shareholders for the year of HK\$41,126,000 (2002:HK\$115,978,000) and the weighted average of 1,492,414,789 (2002: 1,249,489,358) 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 (2002: Nil).

Winfoong International Limited

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.

The Group recorded net loss of approximately HK\$41.1 million. The decrease in loss was mainly attributable to the decrease in the Group's share of the downward revaluation of properties held by an associate in Singapore by approximately HK\$64.0 million. Excluding the effect of the associate, the Group's loss from operating activities decreased by approximately 41.8% which was mainly due to the write back of project payables.

The net asset value of the Group per share as at 31 December 2003 was approximately HK\$0.82 based on the 1,492,410,986 shares issued.

While Hong Kong's economy is on a path of recovery, the Group will look for potential investment opportunities to broaden its earning base.

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. Due to the downward revaluation of properties, there was a slight increase in the year-end gearing ratio. The majority of the Group's borrowings matures in or after 2007. As at 31 December 2003, the outstanding bank loans amounted approximately HK\$563.3 million. These loan facilities were secured by the Group's properties.

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\$31,997 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 year.

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
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 27 February 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Room 801, 9 Queen's Road Central, Hong Kong on 30 April 2004 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 2003.
- (2) To re-elect retiring 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

- A. **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 passing 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 laws 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."
- B. **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) above, 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 passing this Resolution and the approval granted shall be limited accordingly; and
 - (c) for the purpose of this Resolution:
"Relevant Period" means the period from the date of passing 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 laws 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)."
- C. **THAT**, conditional upon the passing of the Resolutions Nos. A and B above, 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 the Resolution No. A above 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 the Resolution No. B above."
- (5) To consider and, if thought fit, pass, with or without amendments, the following resolution as Special Resolution:

SPECIAL RESOLUTION

THAT the bye-laws of the Company be and are hereby amended in the following manner:-

- (i) Bye-law 76A
by adding the following paragraph immediately after Bye-law 76:
"76A Where any Member is, under the rules, where applicable, of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirements or restriction shall not be counted;"
- (ii) Bye-law 88
by adding the following sentence as last sentence:
"The period for lodgment of the Notice required to in this paragraph will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting;"
- (iii) Bye-law 103.(1)
by replacing the word "he" in the second line of Bye-law 103.(1) with the words "he or any of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange)";
- (iv) Bye-law 103.(1)(i)
by replacing (a) the word "Director" with the words "Director or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange)" and (b) the word "him" in the second and third lines of Bye-law 103.(1)(i) with the words "him or any of them";
- (v) Bye-law 103.(1)(ii)
by replacing the words "the Director has himself" with the words "the Director or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) has himself/themselves";
- (vi) Bye-law 103.(1)(iii)
by replacing the words "the Director is or is to be interested" with the words "the Director or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) is/are or is/are to be interested";
- (vii) Bye-law 103.(1)(v)
by replacing (a) the words "he is interested" with the words "he or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) is/are interested" and (b) the words "his interest" with the words "his/their interest";
- (viii) Bye-law 103.(1)(v)
by deleting existing Bye-law 103.(1)(v) and replacing it with the following as new Bye-law 103.(1)(v):
"any contract or arrangement concerning any other company in which the director or his associate(s) (as defined by the rules, where applicable, of the Designated Stock Exchange) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) (as defined by the rules, where applicable, of the Designated Stock Exchange) is/are beneficially interested in shares of that company, provided that the director and any of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) is derived) or of the voting rights; or"

Winfoong International Limited

- (ix) By-law 103.(1)(vi)
by replacing (a) the words "directors and employees" with the words "directors, their associates, and employees" and (b) the word "Director" with the words "Director, or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange)".
- (6) To transact any other business of the Company.

By Order of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 27 February 2004

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Concerning Resolution No. (4B) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company but 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 ("the Listing Rules").
3. Concerning Resolution No. (5) above, the Directors wish to state that the proposed amendments to the bye-laws of the Company are to comply with the revised Listing Rules effective as of 31 March 2004 so that (a) directors will not vote at board meetings on matters in which their associates have a material interest, and are not to be counted towards the quorum; (b) the timing of shareholders' notices of nomination of directors is clarified; and (c) shareholders' votes cast in breach of the Listing Rules are not to be counted.
4. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed amendments to the bye-laws) is for reference only. In case of any inconsistency, the English version shall prevail.

Please also refer to the published version of this announcement in The Standard dated 1 March 2004.