



WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

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 2004.

		2004	2003
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	2	46,441	46,692
Cost of sales		(20,760)	(22,952)
Gross profit		25,681	23,740
Other revenue		3,119	6,514
Operating and administrative expenses		(28,876)	(28,431)
Other operating expenses		—	(774)
Reversal of provision/(provision) for impairment of properties held for sale		26,000	(5,020)
Surplus/(deficit) on revaluation of land and buildings		7,336	(2,578)
Profit/(loss) from operating activities	3	33,260	(6,549)
Finance costs		(10,516)	(13,979)
Share of profit/(loss) of an associate		116	(17,971)
Profit/(loss) before tax		22,860	(38,499)
Tax	4	(589)	(1,533)
Profit/(loss) before minority interests		22,271	(40,032)
Minority interests		79	(1,094)
Profit/(loss) attributable to shareholders		22,350	(41,126)
Earnings/(loss) per share - basic	5	1.50 cents	(2.76 cents)

1. BASIS OF PREPARATION

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. SEGMENTAL INFORMATION

The following tables present revenue and profit/(loss) information 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
2004						
Segment revenue:						
Sales to external customers	37,059	6,201	3,181	–	–	46,441
Intersegment sales	5,159	4,719	–	–	(9,878)	–
Other revenue	1,320	–	–	1,783	–	3,103
Total revenue	<u>43,538</u>	<u>10,920</u>	<u>3,181</u>	<u>1,783</u>	<u>(9,878)</u>	<u>49,544</u>
Segment results	<u>46,049</u>	<u>(808)</u>	<u>–</u>	<u>(2,119)</u>	<u>(9,878)</u>	<u>33,244</u>
Interest income						<u>16</u>
Profit from operating activities						<u>33,260</u>
Finance costs						<u>(10,516)</u>
Share of profit of an associate	116	–	–	–	–	<u>116</u>
Profit before tax						<u>22,860</u>
Tax						<u>(589)</u>
Profit before minority interests						<u>22,271</u>
Minority interests						<u>79</u>
Profit attributable to shareholders						<u>22,350</u>

2003

Segment revenue:						
Sales to external customers	32,004	11,480	3,208	-	-	46,692
Intersegment sales	3,643	5,135	-	-	(8,778)	-
Other revenue	2,452	3,513	11	419	-	6,395
Total revenue	<u>38,099</u>	<u>20,128</u>	<u>3,219</u>	<u>419</u>	<u>(8,778)</u>	<u>53,087</u>
Segment results	<u>(687)</u>	<u>6,806</u>	<u>104</u>	<u>(4,113)</u>	<u>(8,778)</u>	<u>(6,668)</u>
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						<u>(41,126)</u>

The following tables present revenue and profit/(loss) for the Group's geographical segments.

	Hong Kong and Mainland China HK\$'000	Singapore HK\$'000	Consolidated HK\$'000
2004			
Segment revenue:			
Sales to external customers	46,441	-	46,441
Other revenue	<u>3,103</u>	<u>-</u>	<u>3,103</u>
Total revenue	<u>49,544</u>	<u>-</u>	<u>49,544</u>
	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>

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

3. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	2004 HK\$'000	2003 HK\$'000
Depreciation	1,189	1,731
Loss/(gain) on disposal of fixed assets	9	(234)
Loss on disposal of properties held for sale	<u>4,642</u>	<u>1,415</u>

4. TAX

	2004 HK\$'000	2003 HK\$'000
Current:–		
Hong Kong taxation		
Over/(under) provision in prior years	(25)	361
Deferred:–		
Current year	<u>–</u>	<u>(411)</u>
Tax attributable to the Company and its subsidiaries	(25)	(50)
Share of tax attributable to an associate:–		
Elsewhere	<u>(564)</u>	<u>(1,483)</u>
Tax charge for the year	<u>(589)</u>	<u>(1,533)</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. 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. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit/(loss) attributable to shareholders for the year of HK\$22,350,000 (2003: loss of HK\$41,126,000) and the weighted average of 1,492,410,986 (2003: 1,492,414,789) ordinary shares in issue during the year.

The fully diluted earnings/(loss) per share is not shown because there was no dilutive potential ordinary shares in existence as at the balance sheet date (2003: the effect of any dilution was anti-dilutive).

6. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year (2003: 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. Despite the decrease in revenue from sale of development properties, turnover was comparable to that of 2003 due to the increase in rental income.

The Group recorded net profit of approximately HK\$22.4 million. The improvement of the Group's results was mainly attributable to the reversal of provision for and surplus on revaluation of properties of approximately HK\$33.3 million in aggregate and the decrease in the share of the downward revaluation of properties held by an associate in Singapore by approximately HK\$22.9 million.

Due to the upward revaluation of properties, the net asset value of the Group per share as at 31 December 2004 increased to approximately HK\$1.21 (2003: HK\$0.82) based on the 1,492,410,986 (2003: 1,492,410,986) shares issued.

The Group will continue to look for 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 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. The year-end gearing ratio was 31% (2003: 45%) based on bank loans less cash and bank balances to shareholders' funds including minority interests. The majority of the Group's borrowings matures in or after 2010. As at 31 December 2004, the outstanding bank loans amounted approximately HK\$559.6 million. These loan facilities were secured by the Group's properties.

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 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.

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Cheong Pin Chuan, Patrick, Mr. Cheong Kim Pong and Mr. Cheong Sim Eng and; (ii) one non-executive director namely Mdm. Lim Ghee; and (iii) three independent non-executive directors, namely Mr. Lai Hing Chiu, Dominic, Mr. Kan Fook Yee and Mr. Chan Yee Hoi, Robert.

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

Hong Kong, 28 February 2005

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 22 April 2005 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 2004.
- (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 passing 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 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.”

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

Hong Kong, 28 February 2005

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. (4)B 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. The translation into Chinese language of this notice 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 China Daily.