



WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock code: 63)

2008 INTERIM RESULTS ANNOUNCEMENT

SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors of Winfoong International Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Unaudited six months ended 30 June	
	Note	2008 HK\$'000	2007 HK\$'000
Turnover	2	46,721	12,860
Cost of sales		(44,547)	(3,086)
Gross profit		2,174	9,774
Valuation gains on investment property		—	6,007
Other revenue		109	233
Other net (loss)/income		(678)	1,056
Operating and administrative expenses		(9,043)	(18,899)
Loss from operating activities		(7,438)	(1,829)
Finance costs	3	(161)	(11,024)
Share of loss of an associate		—	(28,537)
Loss before taxation	4	(7,599)	(41,390)
Income tax credit/(expense)	5	440	(1,090)
Loss for the period		(7,159)	(42,480)
Attributable to:			
Equity shareholders of the Company		(7,159)	(42,480)
Minority interests		—	—
		(7,159)	(42,480)
Basic loss per share	6	(0.30 cent)	(2.85 cents)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	<i>Note</i>	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
ASSETS			
Non-current assets			
Fixed assets			
Investment properties		278,366	273,320
Other property, plant and equipment		4,662	3,676
Interests in leasehold land held for own use under operating leases		446	452
		283,474	277,448
Pledged bank balances and time deposits		3	10
Other financial assets		1,990	2,534
		285,467	279,992
Current assets			
Inventories		127,403	160,965
Trade and other receivables	8	1,934	3,529
Tax recoverable		8	8
Cash and cash equivalents		2,955	5,485
		132,300	169,987
Total assets		417,767	449,979
EQUITY AND LIABILITIES			
Share capital		119,620	119,620
Reserves		161,510	161,029
Total equity attributable to equity shareholders of the Company		281,130	280,649
Minority interests		—	—
Total equity		281,130	280,649
Non-current liabilities			
Bank borrowings		121,000	150,829
Loan from a fellow subsidiary		—	302
Deferred tax liabilities		4,934	5,786
		125,934	156,917
Current liabilities			
Trade and other payables	9	9,578	11,557
Tax payables		1,125	856
		10,703	12,413
Total liabilities		136,637	169,330
Total equity and liabilities		417,767	449,979

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

For the six months ended 30 June 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial report is unaudited, but has been reviewed by the Company's audit committee. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2008 annual financial statements as follows.

In the current interim period, a number of new standards, amendments and interpretations have been issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2008.

The following new standards, amendments to standards and interpretations which are relevant to Group's operations are mandatory for financial year ending 31 December 2008.

HK(IFRIC)-Int 11	Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of such standards or interpretations does not result in substantial changes to the Group's accounting policies and has no significant effect on the results reported for the first half of 2008.

The following new standards, amendments to standards and interpretations have been issued but are not effective for year ending 31 December 2008 and have not been early adopted by the Group:

HK(IFRIC)-Int 13	Customer Loyalty Programmes
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
Amendments to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 8	Operating Segments

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not in a position to state whether these new standards, amendments and interpretations would have a significant impact on the Group's results of operations and financial position.

In addition, HKFRS 8 Operating Segments, which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

The preparation of an interim report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

2. SEGMENT INFORMATION

Segment information is presented on a primary segment reporting basis by business segment because it is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Property investment and management: the leasing of properties to generate rental income and to gain from the appreciation in the properties' value in the long term, and the provision of building management services.

Property construction and development: the development, construction and sale of properties, and project management.

Horticultural services: the provision of horticultural services.

	Property investment and management <i>HK\$'000</i>	Property construction and development <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2008 (Unaudited)						
Revenue from external customers	137	44,852	1,732	–	–	46,721
Inter-segment sales	–	4,653	7	(4,660)	–	–
Other revenue from external customers	8	1	–	–	82	91
Total	<u>145</u>	<u>49,506</u>	<u>1,739</u>	<u>(4,660)</u>	<u>82</u>	<u>46,812</u>
Segment result	<u>(987)</u>	<u>4,687</u>	<u>109</u>	<u>(4,660)</u>	<u>(6,605)</u>	<u>(7,456)</u>
Unallocated operating income and expenses						<u>18</u>
Loss from operating activities						<u>(7,438)</u>
Finance costs						<u>(161)</u>
						<u>(7,599)</u>
Income tax credit						<u>440</u>
Loss for the period						<u>(7,159)</u>
	Property investment and management <i>HK\$'000</i>	Property construction and development <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2007 (Unaudited)						
Revenue from external customers	11,208	90	1,562	–	–	12,860
Inter-segment sales	360	2,729	4	(3,093)	–	–
Other revenue from external customers	135	15	–	–	–	150
Total	<u>11,703</u>	<u>2,834</u>	<u>1,566</u>	<u>(3,093)</u>	<u>–</u>	<u>13,010</u>
Segment result	<u>13,577</u>	<u>3,337</u>	<u>84</u>	<u>(3,093)</u>	<u>(15,817)</u>	<u>(1,912)</u>
Unallocated operating income and expenses						<u>83</u>
Loss from operating activities						<u>(1,829)</u>
Finance costs						<u>(11,024)</u>
Share of loss of an associate	(28,537)					<u>(28,537)</u>
						<u>(41,390)</u>
Income tax expense						<u>(1,090)</u>
Loss for the period						<u>(42,480)</u>

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers:

	Hong Kong and Mainland china		Singapore		Total	
	Unaudited 2008 HK\$'000	Unaudited 2007 HK\$'000	Unaudited 2008 HK\$'000	Unaudited 2007 HK\$'000	Unaudited 2008 HK\$'000	Unaudited 2007 HK\$'000
Revenue from external customers	1,869	12,860	44,852	–	46,721	12,860
Other revenue from external customers	91	150	–	–	91	150

3. FINANCE COSTS

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Interest on bank loans	1,961	12,708
Less: Interest expense capitalised into properties under development*	(1,800)	(1,684)
	161	11,024

* The borrowing costs capitalised were borrowed at a rate of 2.04% – 4.47% per annum (2007: 4.67%-5.25% per annum).

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Depreciation and amortisation	524	567
Cost of properties sold	43,726	–
Rentals receivable from investment property and properties held for sale less direct outgoing of HK\$568,000 (2007: HK\$2,761,000)	(83)	(8,277)
Interest income	(18)	(83)

5. INCOME TAX

	Unaudited six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Current taxation – Singapore Income Tax	(655)	–
Deferred taxation – origination and reversal of temporary difference	1,095	(1,090)
	440	(1,090)

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in Hong Kong.

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of HK\$7,159,000 (2007: HK\$42,480,000) for the period and the weighted average of 2,392,410,986 (2007: 1,492,440,986) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share is not shown because there was no dilutive potential ordinary shares in existence as at the balance sheet date for both years.

7. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2008 (2007: Nil).

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade receivables		
Within 1 month	189	366
After 1 month but within 3 months	103	139
More than 3 months but less than 12 months	2	1
	<u>294</u>	<u>506</u>
Prepayments, deposits and other receivables	1,640	3,023
	<u>1,934</u>	<u>3,529</u>

The Group's trade and other receivables are due within 30 days from the date of billing.

9. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade payables		
Within 1 month	27	108
After 1 month but within 3 months	9	5
After 3 months but within 6 months	8	20
After 6 months but within 12 months	6	34
Over 1 year	112	144
	<u>162</u>	<u>311</u>
Deposits received	266	1,791
Retention money payables	2,022	1,809
Amount due to the ultimate holding company	103	6
Amount due to fellow subsidiaries	11	—
Amount due to a related company	2,264	2,489
Other liabilities and accrued charges	4,750	5,151
	<u>9,578</u>	<u>11,557</u>

BUSINESS REVIEW

During the period, the Group continues to engage in property related businesses and provision of horticultural services. The increase in turnover was mainly due to the increase in revenue from disposal of properties in Singapore. The decrease in net loss by 83% to approximately HK\$7 million was a result of the following:

- (i) decrease in net rental income of approximately HK\$8 million;
- (ii) decrease in valuation gains on investment properties, net of deferred tax, of approximately HK\$5 million;
- (iii) decrease in operating and administrative expenses of approximately HK\$10 million;
- (iv) decrease in interest expense of approximately HK\$11 million; and
- (v) decrease in share of loss of an associate of approximately HK\$29 million.

Following the distribution of the property holding business at 15 and 17 Magazine Gap Road in 2007, net rental income, valuation gains, operating and administrative expenses and interest expenses have decreased. Share of loss of an associate decreased as a result of the distribution of interest in the associate in 2007.

The net asset value of the Group per share as at 30 June 2008 was approximately HK\$0.12 (31 December 2007: HK\$0.12) based on the 2,392,410,986 shares issued.

The Group will focus its resources on the existing properties. The redevelopment of the investment properties at 38 Conduit Road is in progress and expected to be completed by the end of 2009.

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's monetary assets and liabilities are denominated and the Group conducted its business transactions principally in Hong Kong dollars or Singapore dollars. The Group aims to utilize the fund for transactions that are denominated in the same currency. The exchange rate risk of the Group is not considered significant and no financial instruments for hedging purpose were employed.

The Group's working capital requirements are met by committed undrawn credit facilities. As at 30 June 2008, the outstanding bank loan amounted approximately HK\$121 million. These loan facilities were arranged on a floating rate basis and secured by the Group's properties. The end of period gearing ratio based on bank loans less cash and bank balances to equity was approximately 42% (31 December 2007: 52%). The Company has provided guarantees in respect of bank facilities made available to subsidiaries totaling approximately HK\$210 million.

Upon the granting of an additional credit facility of approximately HK\$61 million, by the Group's banker subsequent to 30 June 2008, the guarantees provided by the Company has increased to approximately HK\$271 million.

The following is the maturity profile for the Group's bank borrowings as of 30 June 2008:

After 2 years but within 5 years	100%
----------------------------------	------

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.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules with the following deviations:

- (i) Under Code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheong Pin Chuan, Patrick is both the Chairman of the board, as well as the Group’s chief executive officer (“CEO”)/managing director. Given the size and that the Company’s and the Group’s current business operations and administration have been relatively stable and straightforward, the board is satisfied that one person is able to effectively discharge the duties of both positions. However, going forward, the board will review from time to time, the need to separate the roles of the Chairman and the CEO if the situation warrants it.
- (ii) Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company are not appointed for a specific term although they are subject to retirement and rotation and re-election at the annual general meeting under the Company’s Bye-laws and except for the chairman of the board and/or the managing director of the Company, each director is effectively appointed under an average term of three years.
- (iii) Under Code B.1, a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The board does not have a remuneration committee. The board conducts an informal assessment of the individual director’s contribution. No director decides his or her own remuneration.

- (iv) Under Code C.3.3, the audit committee should have the duties to be primary responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor.

The recommendation on the appointment, reappointment and removal of the external auditor, and to approve the remuneration of the external auditors, and any questions of resignation or dismissal of that auditor of the Company is made by the board to the audit committee for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the Company’s website (<http://www.equitynet.com.hk/winfoong/>) and The Stock Exchange of Hong Kong Limited’s website (www.hkex.com.hk) respectively. The interim report will be dispatched to the shareholders and available on the same websites in due course.

As at the date hereof, the Board comprises:

Executive directors:

Cheong Pin Chuan, Patrick
Cheong Kim Pong
Cheong Sim Eng

Independent non-executive directors:

Chan Yee Hoi, Robert
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
14 August 2008