

The board of directors of China Nan Feng Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2004 (the “Period”) with comparative figures for the corresponding period in last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	3	12,965	12,602
Construction contract costs		(11,253)	(10,731)
Hotel operation costs		–	(2,705)
Cost for provision of network security		–	(498)
Gross profit/(loss)		1,712	(1,332)
Other revenue		4	23
Gain arising from debts discharged under Creditors' Scheme	4	100,306	–
Gain on deconsolidation of a subsidiary under winding-up Court order	5	50,235	–
Gain on disposal of subsidiaries		516	–
Depreciation		(276)	(813)
Provision for doubtful debts		(139)	(6,366)
Amortisation of intangible assets		–	(56,602)
Staff costs		(2,346)	(3,035)
Professional fees		(518)	(3,517)
Consultancy fees		(583)	(2,881)
Other operating expenses		(1,832)	(10,851)
Operating profit/(loss) from operating activities		147,079	(85,374)
Share of profits less losses of associated companies		–	2
Amortisation of premium on acquisition of associated companies		–	(3,883)
Finance costs	6	(811)	(2,693)
Profit/(loss) from operating activities before taxation		146,268	(91,948)
Taxation	7	(329)	–
Profit/(loss) from operating activities after taxation		145,939	(91,948)
Minority interests		–	19,748
Profit/(loss) attributable to shareholders		145,939	(72,200)
Earnings/(loss) per share – Basic	8	42.19 cents	(As restated) (73.91 cents)
– Diluted	8	N/A	N/A