



WINFOONG INTERNATIONAL LIMITED

榮 豐 國 際 有 限 公 司

(Incorporated in Bermuda with limited liability)

**2006 INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2006**

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BOARD OF DIRECTORS

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

RESULTS

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 2006 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

		Unaudited six months ended 30 June	
		2006	2005
	Notes	HK\$'000	HK\$'000
Revenue	2	13,552	24,832
Cost of sales		(4,809)	(10,212)
Gross profit		8,743	14,620
Other revenue		339	161
Operating and administrative expenses		(17,606)	(15,013)
Reversal of provision for impairment of properties held for sales		–	19,563
Employee share option benefits		–	(8,911)
(Loss)/profit from operating activities	3	(8,524)	10,420
Finance costs	4	(12,339)	(8,467)
Share of loss of an associate		(7,136)	(1,093)
(Loss)/profit before tax		(27,999)	860
Income tax credit	5	–	548
(Loss)/profit for the period		(27,999)	1,408
Attributable to:			
Equity holders of the Company		(27,999)	1,439
Minority interest		–	(31)
		(27,999)	1,408
(Loss)/earnings per share			
– Basic	6	(1.88 cents)	0.10 cents
– Diluted	6	N/A	0.10 cents

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2006

		Unaudited	Audited
		30 June	31 December
		2006	2005
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Investment properties	9	1,966,640	1,966,640
Other properties, plants and equipment	8	1,829	2,075
Interests in leasehold land held for own use under operating leases		470	476
Interest in an associate		413,511	393,602
Pledged bank balances and time deposits		825	912
Other financial assets	10	2,750	2,750
Deferred tax assets		1,791	1,791
		<u>2,387,816</u>	<u>2,368,246</u>
Current assets			
Properties held for sale		12,500	14,146
Inventories		213	224
Trade and other receivables	11	9,558	19,937
Tax recoverable		12	12
Cash and cash equivalents		9,469	3,615
		<u>31,752</u>	<u>37,934</u>
Total assets		<u>2,419,568</u>	<u>2,406,180</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	12	74,620	74,620
Reserves		1,616,902	1,617,940
		<u>1,691,522</u>	<u>1,692,560</u>
Minority interests		–	–
Total equity		<u>1,691,522</u>	<u>1,692,560</u>
Non-current liabilities			
Interest-bearing bank loans	13	337,367	347,219
Deferred income		5,582	5,582
Deferred tax liabilities		248,432	248,432
		<u>591,381</u>	<u>601,233</u>
Current liabilities			
Trade and other payables	14	15,656	17,734
Interest-bearing bank loans	13	121,009	80,204
Tax payable		–	14,449
		<u>136,665</u>	<u>112,387</u>
Total liabilities		<u>728,046</u>	<u>713,620</u>
Total equity and liabilities		<u>2,419,568</u>	<u>2,406,180</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2006*

	Unaudited six months ended 30 June	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(13,722)	30,721
NET CASH FROM INVESTING ACTIVITIES	23	1,523
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	19,553	(29,253)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,854	2,991
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,615	882
CASH AND CASH EQUIVALENTS AT 30 JUNE	9,469	3,873

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Equity attributable to equity holders of the Company												
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Land and building revaluation reserve (Unaudited) HK\$'000	Investment property revaluation reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Share-based compensation reserve (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Minority interest (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2006	74,620	196,873	121	618,098	-	-	-	8,911	519	(143,777)	937,195	-	1,692,560
Loss for the period	-	-	-	-	-	-	-	-	-	-	(27,999)	-	(27,999)
Share of movement in reserve of an associate	-	-	-	-	-	-	-	-	40	27,065	-	-	27,045
Exchange realignment	-	-	-	-	-	-	-	-	-	(84)	-	-	(84)
At 30 June 2006	74,620	196,873	121	618,098	-	-	-	8,911	559	(116,860)	909,196	-	1,691,522

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2006

	Equity attributable to equity holders of the Company												
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Land and building revaluation reserve (Unaudited) HK\$'000	Investment property revaluation reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Share-based compensation reserve (Unaudited) HK\$'000	Financial asset revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits/ accumulated (losses) (Unaudited) HK\$'000	Minority interest (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2005, as previously reported	74,620	196,873	121	618,098	12,177	1,245,819	145,549	-	-	(134,354)	(349,160)	3,052	1,812,795
Revaluation surplus in prior years transferred to retained profits	-	-	-	-	(12,177)	(1,245,819)	-	-	-	-	1,257,996	-	-
Deferred tax arising from change in fair value of investment properties and buildings	-	-	-	-	-	-	-	-	-	-	(232,321)	-	(232,321)
At 1 January 2005, as restated before opening adjustments	74,620	196,873	121	618,098	-	-	145,549	-	-	(134,354)	676,515	3,052	1,580,474
Opening adjustment	-	-	-	-	-	-	(145,549)	-	-	-	145,549	-	-
At 1 January 2005, as restated after opening adjustments	74,620	196,873	121	618,098	-	-	-	-	(134,354)	822,064	-	3,052	1,580,474
Profit for the period	-	-	-	-	-	-	-	-	-	1,439	-	(31)	1,408
Employees share option benefits	-	-	-	-	-	-	-	8,911	-	-	-	-	8,911
Share of movement in reserve of an associate	-	-	-	-	-	-	-	-	464	(13,355)	-	-	(13,071)
Exchange realignment	-	-	-	-	-	-	-	-	-	52	-	28	80
At 30 June 2005	74,620	196,873	121	618,098	-	-	-	8,911	464	(147,887)	823,303	3,049	1,577,802

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

1. PRINCIPAL 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 2005 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2006 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 December 2005.

The following new standards, amendments to standards and interpretations which are relevant to Group's operations are mandatory for financial year ending 31 December 2006.

HKAS 19 (Amendment)	Employee benefits – actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The effects of changes in foreign exchange rates – net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HKAS 39 & HKFRS 4 (Amendment)	Financial instruments: recognition and measurement and insurance contracts – financial guarantee contracts
HKFRS – Int 4	Determining whether an arrangement contains a lease

The adoption of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendment), HKFRS 4 (Amendment) and HKFRS – Int 4 did not result in significant changes to the Group's accounting policies applied on these financial statements for the periods presented.

The following new standards, amendments to standards and interpretations have been issued but are not effective for year ending 31 December 2006 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives

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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 2005 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.

Notwithstanding that the Group had net current liabilities as at 30 June 2006, the directors are of the opinion that the Group are able to continue as a going concern and to meet their obligations as and when they fall due having regard to agreements with financial institutions for new loan facilities of approximately HK\$769 million, to replace existing loan facilities of approximately HK\$264 million.

The directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, it is appropriate that this interim financial report should be prepared on going concern basis and do not include any adjustments that would be required should that Group fail to continue as a going concern.

2. SEGMENT INFORMATION

Segment information is presented on a primary segment reporting basis by business segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) Property investment and management;
- (b) Property construction and development; and
- (c) Horticultural services.

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

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

2. SEGMENT INFORMATION (continued)

Business segments

The following tables present revenue, (loss)/profit for the Group's business segments for the six months ended 30 June:

	Property investment and management <i>HK\$'000</i>	Property construction and development <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2006 (Unaudited)						
Segment revenue:						
Sales to external customers	10,339	1,680	1,533	-	-	13,552
Intersegment sales	360	3,680	14	-	(4,054)	-
Other revenue	-	188	-	59	-	247
	<u>10,699</u>	<u>5,548</u>	<u>1,547</u>	<u>59</u>	<u>(4,054)</u>	<u>13,799</u>
Total revenue						
Segment results	<u>4,680</u>	<u>3,581</u>	<u>136</u>	<u>(12,959)</u>	<u>(4,054)</u>	<u>(8,616)</u>
Interest income						<u>92</u>
Loss from operating activities						(8,524)
Finance costs						(12,339)
Share of loss of an associate	(7,136)					<u>(7,136)</u>
Loss before tax						(27,999)
Income tax						<u>-</u>
Loss for the period						<u>(27,999)</u>

2. SEGMENT INFORMATION (continued)

Business segments (continued)

	Property investment and management <i>HK\$'000</i>	Property construction and development <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2005 (Unaudited)						
Segment revenue:						
Sales to external customers	17,953	5,350	1,529	-	-	24,832
Intersegment sales	1,938	1,192	-	-	(3,130)	-
Other revenue	-	-	-	144	-	144
Total revenue	<u>19,891</u>	<u>6,542</u>	<u>1,529</u>	<u>144</u>	<u>(3,130)</u>	<u>24,976</u>
Segment results	<u>24,131</u>	<u>98</u>	<u>207</u>	<u>(10,903)</u>	<u>(3,130)</u>	10,403
Interest income						<u>17</u>
Profit from operating activities						10,420
Finance costs						(8,467)
Share of loss of an associate	(1,093)					<u>(1,093)</u>
Profit before tax						860
Income tax credit						<u>548</u>
Profit for the period						<u>1,408</u>

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	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Depreciation and amortization	296	627
Cost of properties sold	1,728	5,828
Dividends from unlisted investments	-	(44)
Loss on disposal of fixed assets	28	6
Rental income gross of HK\$10,101,000 (2005: HK\$17,762,000) less outgoing of HK\$2,832,000 (2005: HK\$4,174,000)	(7,269)	(13,588)
Interest income	<u>(92)</u>	<u>(17)</u>

4. FINANCE COSTS

	Unaudited six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Interest on bank loans	12,339	8,467

5. INCOME TAX

	Unaudited six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Deferred taxation	–	(548)

No Hong Kong profits tax has been provided as the Company and its subsidiaries either has no assessable profits arising in Hong Kong or has available tax losses brought forward from prior years to offset against current period's estimated assessable profits.

6. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders for the period of HK\$27,999,000 (2005: profit of HK\$1,439,000) and the weighted average number of 1,492,410,986 (2005: 1,492,410,986) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

Diluted loss per share for the six months ended 30 June 2006 has not been presented as the effect of any dilution is anti-dilutive.

Diluted earnings per share for the six months ended 30 June 2005 has not been presented as the exercise of share option does not have a material dilutive effect on the basic earnings per share.

7. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: Nil).

8. OTHER PROPERTIES, PLANTS AND EQUIPMENT

	Unaudited <i>HK\$'000</i>
At 1 January 2006	2,075
Additions	85
Disposal	(41)
Depreciation	(290)
	<hr/>
At 30 June 2006	1,829
	<hr/> <hr/>

9. INVESTMENT PROPERTIES

The fair value of the investment properties was estimated by the directors.

10. OTHER FINANCIAL ASSETS

	Unaudited 30 June 2006 <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
Unlisted equity investments, at cost	3,362	3,362
Less: Provision for impairment	(2,012)	(2,012)
	<hr/>	<hr/>
	1,350	1,350
	<hr/>	<hr/>
Unlisted debentures and investment in club membership, at cost	410	410
Loan receivable	990	990
	<hr/>	<hr/>
	2,750	2,750
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2006 <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
Trade receivables		
Current	356	374
1-3 months	102	54
4-12 months	3	4
	<u>461</u>	<u>432</u>
Tax reserve certificate	–	14,449
Prepayments, deposits and other receivables	8,759	4,718
Retention money receivable	338	338
	<u>9,558</u>	<u>19,937</u>

The Group's trade receivables are normally invoiced with credit terms of 30 to 60 days of issuance.

12. SHARE CAPITAL

	Unaudited 30 June 2006 <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of HK\$0.05 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
1,492,410,986 ordinary shares of HK\$0.05 each	<u>74,620</u>	<u>74,620</u>

13. INTEREST-BEARING BANK LOANS

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Bank loans, secured	458,376	427,423
Less: Portion classified as current liabilities	(121,009)	(80,204)
	<hr/>	<hr/>
Longer term portion	337,367	347,219
	<hr/>	<hr/>
Bank loans are repayable:		
Within one year	121,009	80,204
In the second year	42,283	41,027
In the third to fifth years, inclusive	229,708	234,680
Beyond five years	65,376	71,512
	<hr/>	<hr/>
	458,376	427,423
	<hr/>	<hr/>

14. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Trade payables		
Current	75	80
1-3 months	3	50
4-6 months	19	24
7-12 months	22	23
Over 1 year	2,050	2,064
	<hr/>	<hr/>
	2,169	2,241
Accruals	4,809	4,187
Deposits received	2,885	4,646
Retention money payables	2,745	2,795
Other liabilities	3,048	3,865
	<hr/>	<hr/>
	15,656	17,734
	<hr/>	<hr/>

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS

No option has been granted or exercised during six months ended 30 June 2006 (2005: options to subscribe for 53,040,000 shares were granted and no option has been exercised).

16. CONTINGENT LIABILITIES

- (a) As at 30 June 2006, the Company had given unconditional guarantees to banks to secure loan facilities available to subsidiaries to the extent of approximately HK\$479 million (31 December 2005: HK\$496 million). The extent of such facilities utilised by the subsidiaries amounted to approximately HK\$458 million (31 December 2005: HK\$427 million). Further unconditional guarantee to bank for agreed additional loan facilities of HK\$189 million will be given upon execution of loan covenants.
- (b) As at 31 December 2005, the Group had given corporate guarantees to banks for issuing letters of indemnity to a third party in respect of contracts undertaken by a subsidiary ("Project Indemnity"), and to indemnify the repayment of certain mortgage loans. The total amount of the guarantees was approximately HK\$5.4 million. The Project Indemnity has expired during the period. The corporate guarantees given as at 30 June 2006 was reduced to approximately HK\$0.4 million.

17. OPERATING LEASE ARRANGEMENTS

(a) *As lessor*

The Group leases its investment properties under operating arrangements, with leases negotiated for terms of one year. The terms of the leases generally also require the tenants to pay security deposits. As at 30 June 2006, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Within one year	7,794	9,387
In the second to fifth years, inclusive	14	–
	<u>7,808</u>	<u>9,387</u>

(b) *As lessee*

The Group leases certain of its properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms of two to three years. As at 30 June 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Within one year	2,436	1,168
In the second to fifth years, inclusive	4,625	18
	<u>7,061</u>	<u>1,186</u>

18. COMMITMENTS

As at 30 June 2006, the Group had the following commitments:

	Unaudited 30 June 2006 <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
Capital commitments contracted for	<u>15,995</u>	<u>13,887</u>

19. SUBSEQUENT EVENT

Subsequent to 30 June 2006, the Group has entered into agreement in respect of loan facilities of approximately HK\$559 million for the refinance of existing loan facilities of HK\$243 million. Further unconditional guarantee will be given by the Company to secure these additional loan facilities.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

BUSINESS REVIEW

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 revenue from disposal of development properties and decrease in rental income. Certain investment properties were either vacant or subject to short leases to match with proposed redevelopment plans.

The Group recorded net loss of approximately HK\$28.0 million in the period. The turn from profit to loss was mainly attributable to:

- (a) decrease in net rental income of approximately HK\$6.3 million;
- (b) reversal of provision made for properties held for sale of approximately HK\$19.6 million in the six months ended 30 June 2005;
- (c) increase in interest expenses of approximately HK\$3.9 million; and
- (d) increase in share of loss of an associate of approximately HK\$6.0 million which was mainly due to increase in finance costs of the associate.

The net asset value of the Group per share as at 30 June 2006 was approximately HK\$1.13 based on the 1,492,410,986 shares issued.

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.

BUSINESS REVIEW (continued)

The Group's working capital requirements are met by recurring cash flows from the investment properties portfolios and committed undrawn credit facilities. As at 30 June 2006, the outstanding bank loan amounted approximately HK\$458 million. These loan facilities were 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 26% (31 December 2005: 25%). The Company has provided guarantees in respect of bank facilities utilised by subsidiaries totaling approximately HK\$458 million.

For the Group's bank borrowings of approximately HK\$110 million maturing within one year, refinancing agreements with financial institutions were reached. Under the refinancing agreements, new loan facilities of approximately HK\$769 million, will be granted to replace existing loan facilities of approximately HK\$264 million.

In respect of the redevelopment of 38 Conduit Road, site work will commence in the third quarter of 2006.

The Company announced on 18 July 2006 the proposed change of company name from "Winfoong International Limited" to "Hong Fok Land International Limited". Such proposed change of name is conditional upon (i) the passing of a special resolution by the shareholders of Winfoong ("Shareholders") approving the change of company name at a special general meeting and (ii) the approval by the Registrar of companies in Bermuda and will not affect any rights of the Shareholders. However, the Company has on the date of the said announcement no confirmed agenda as to when such proposed change of name will be effected and further announcement will be made to inform Shareholders at appropriate time.

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

DIRECTORS' INTERESTS

At 30 June 2006, the interests and short positions of directors and chief executive in shares, underlying shares and debentures of the Company and its associated corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") were as follows:

(i) Long positions in shares and underlying shares of the Company

Name of director	Type of interest and number of shares		Number of share options held	Total	Percentage
	Corporate (a)	Family			
Cheong Pin Chuan, Patrick	602,645,787	3,047,000	13,260,000	605,692,787	41%
Cheong Kim Pong	602,645,787	-	13,260,000	602,645,787	40%
Cheong Sim Eng	602,645,787	-	13,260,000	602,645,787	40%
Cheong Hooi Kheng (b)	602,645,787	2,000,000	13,260,000	602,645,787	40%

Notes:

(a) These directors were deemed to have corporate interests in the shares in the Company by virtue of their beneficial interests in the shares in Hong Fok Corporation Limited ("HFC"), a substantial shareholder of the Company. The 602,645,787 shares represented the same interests and were duplicated amongst these directors.

(b) Ms. Cheong Hooi Kheng's directorship is alternate to that of Mdm. Lim Ghee.

DIRECTORS' INTERESTS (continued)

(ii) Long positions in shares of an associated corporation – HFC

Name of director	Personal	Type of interests and number of shares held			Total	Percentage
		Family	Corporate (a)	Other (b)		
Cheong Pin Chuan, Patrick	5,163,140	1,125,300	94,098,912	121,336,000	221,723,352	37%
Cheong Kim Pong	2,571,980	503,000	94,098,912	121,336,000	218,509,892	36%
Cheong Sim Eng	60,279,000	207,000	27,921,512	121,336,000	209,743,512	35%
Cheong Hooi Kheng (c)	9,234,820	–	–	121,336,000	130,570,820	22%

Notes:

- (a) These shares were beneficially held by a number of companies in which the directors had beneficial interests.
- (b) These shares were beneficially held by Winfoong Holding Limited, a wholly-owned subsidiary of the Company. The directors are deemed to have interests in the shares in HFC by virtue of their direct and indirect interests in the Company.
- (c) Ms. Cheong Hooi Kheng's directorship is alternate to that of Mdm. Lim Ghee.

Save as disclosed above, as at 30 June 2006, none of the directors and the chief executive of the Company were under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the sections headed "Directors' interests" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

At 30 June 2006, the following persons (not being directors or chief executive of the Company) had an interest in the following long positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Notes	Number of shares held		Total	Percentage
		Direct	Indirect		
HFL International Consortium Limited ("HFL")		555,202,784	–	555,202,784	37%
Hong Fok Enterprises Limited ("HFE")	(a)	–	555,202,784	555,202,784	37%
Hong Fok Investment Holding Company, Limited ("HFIH")	(b)	47,443,003	555,202,784	602,645,787	40%
HFC	(c)	–	602,645,787	602,645,787	40%
Barragan Trading Corp.		285,312,566	–	285,312,566	19%
Praise Time Co Limited		136,000,000	–	136,000,000	9%

Notes:

- (a) HFE was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFL, did in the issued share capital of the Company by virtue of HFE's interest in HFL.
- (b) HFIH was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFE, did in the issued share capital of the Company by virtue of HFIH's interest in HFE. In addition, HFIH was directly interested in approximately 3.0% of the issued share capital of the Company.
- (c) HFC was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFIH, did in the issued share capital of the Company by virtue of HFC's interests in HFIH.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares and underlying shares of the Company as at 30 June 2006.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout 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.

ON BEHALF OF THE BOARD

Cheong Pin Chuan, Patrick
Chairman

Hong Kong
14 August 2006