

Chairman's Statement 主席報告

On behalf of the board of directors, I present the annual report of Winfoong International Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2005.

本人謹代表董事會同寅，向各股東提呈榮豐國際有限公司（「本公司」）及其附屬公司（「本集團」）截至二零零五年十二月三十一日止年度之年報。

FINANCIAL RESULTS

For the year ended 31 December 2005, the Group recorded consolidated profit attributable to shareholders of approximately HK\$115.1 million.

財務業績

於截至二零零五年十二月三十一日止年度，本集團錄得股東應佔綜合溢利約115,100,000港元。

DIVIDENDS

No interim dividend was paid for the year ended 31 December 2005 and the directors do not recommend the payment of a final dividend.

股息

截至二零零五年十二月三十一日止年度並無派付中期股息，而董事亦不建議派付末期股息。

MANAGEMENT DISCUSSION AND ANALYSIS REVIEW OF OPERATIONS AND FUTURE PROSPECTS

During the year, the Group continues to engage in property related businesses and provision of horticultural services. The increase in turnover was due to the sale of 8/F, 9 Queen's Road Central.

管理層討論及分析 經營回顧及未來前景展望

於本年度內，本集團繼續從事與物業相關之業務及提供園藝服務。營業額增長之原因為出售皇后大道中9號8樓。

The Group recorded net profit of approximately HK\$115.1 million in the year. The Group's result was affected by:

本集團於本年度錄得淨溢利約115,100,000港元。本集團之業績受以下各項影響：

- (i) surplus on revaluation of investment properties of approximately HK\$166 million with corresponding provision for deferred tax liability of approximately HK\$29.1 million;
- (ii) profit on disposal of properties held for sale of approximately HK\$18.8 million;
- (iii) gain on disposal of land and building of approximately HK\$28.1 million
- (iv) provision for impairment of property held for future development of approximately HK\$67.5 million;

- (i) 重估投資物業盈餘約166,000,000港元，並作出相應之遞延稅項負債撥備約29,100,000港元；
- (ii) 出售持作銷售之物業溢利約18,800,000港元；
- (iii) 出售土地及樓宇收益約28,100,000港元；
- (iv) 持作日後發展物業之減值撥備約67,500,000港元；

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- (v) the recognition of share-based benefits of approximately HK\$8.9 million on adoption of the new Hong Kong Financial Reporting Standard no. 2;
- (vi) increase in interest expense of approximately HK\$9.7 million due to increase in interest rate despite the decrease in bank loan; and
- (vii) share of (a) valuation gains on investment properties of approximately HK\$35.6 million and (b) operating loss of approximately HK\$4.9 million of an associate.

The net asset value of the Group per share as at 31 December 2005 was approximately HK\$1.13 based on the 1,492,410,986 shares issued.

The investment property at 38 Conduit Road has been held for rental purpose. In September 2005, building plan was submitted for the redevelopment of the property. It is expected that redevelopment will commence in 2006. The directors has decided that part of the new building will be sold with sale proceeds to cover the costs of 38 Conduit Road redevelopment and also of 15 Magazine Gap Road redevelopment, when required. The unsold part of the completed property will be held for rental purpose.

The investment property at 15 Magazine Gap Road has been held for rental purpose. Decision to redevelop the property was made towards the end of the year. It is expected that redevelopment will commence in 2006. The redeveloped property will continuously be held for rental purpose.

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

- (v) 採納新HKFRS第2號而確認以股份支付之福利約8,900,000港元；

- (vi) 儘管銀行貸款減少，惟由於利率上升導致銀行利息開支增加約9,700,000港元；及

- (vii) 應佔一間聯營公司(a)投資物業估值收益約35,600,000港元及(b)經營虧損約4,900,000港元。

於二零零五年十二月三十一日，本集團之每股資產淨值按已發行股份1,492,410,986股計算約為1.13港元。

位於干德道38號之投資物業乃持作租賃目的。於二零零五年九月，本公司就重新發展該物業提交建造計劃。預期該重新發展項目將於二零零六年動工。董事已決定，新樓宇之部分將予出售，所得款項將用於彌補干德道38號之重建成本，以及於有需要時用作彌補重建馬己仙峽道15號成本。該落成物業沒有出售之部分將持作租賃用途。

位於馬己仙峽道15號之投資物業乃持作租賃目的。本公司於年底前作出重新發展該物業之決定。預期該重建項目將於二零零六年動工。該重建物業將會繼續持作租賃目的。

本集團將繼續於香港物業投資及發展之機會。

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LIQUIDITY AND FINANCIAL RESOURCES

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 25% (2004: 35%) based on bank loans less cash and bank balances to shareholders' funds including minority interests. As at 31 December 2005, the outstanding bank loans amounted approximately HK\$427.4 million. These loan facilities were secured by the Group's properties. The Company has provided guarantees in respect of bank facilities made available to subsidiaries totalling approximately HK\$501.4 million (2004: HK\$609.4 million).

The current portion of bank loans included property loans of 38 Conduit Road and 15 Magazine Gap Road. The property loan of 38 Conduit Road is expected to be replaced by project finance of the redevelopment project and ultimately settled by the sale proceeds of the redevelopment of 38 Conduit Road. The property loan of 15 Magazine Gap Road is expected to be replaced by project finance of the redevelopment project ("MGR project loan"). Upon completion of the redevelopment of 15 Magazine Gap Road, the MGR project loan will be replaced by a mortgage loan.

ACKNOWLEDGMENT

I take this opportunity to express my gratitude to my colleagues on the Board and the staff members of the Group for their strong support and valuable contribution.

Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 23 March 2006

流動資金及財務資源

本集團之融資和財資活動均在集團層面集中管理及控制。財資及融資政策與本集團最近期刊發之年報所披露之資料顯示並無重大變動。除本集團持有一間新加坡聯營公司權益作為長線投資外，本集團並無承受匯兌波動風險。本集團借款均以港元計算並以浮息基準安排。

本集團以投資物業組合之經常性現金流量及已承諾但未經提取之信貸融資額，應付營運資金需要。按銀行貸款扣除現金及銀行結餘再除以股東資金(包括少數股東權益)計算於年末之資本負債比率為25% (二零零四年：35%)。於二零零五年十二月三十一日，尚未清償之銀行貸款約427,400,000港元。該等貸款乃以本集團之物業作抵押。本公司就授予其附屬公司總額約501,400,000港元(二零零四年：609,400,000港元)之銀行融資作出擔保。

銀行貸款之即期部份包括干德道38號及馬己仙峽道15號之物業貸款。預期干德道38號之物業貸款將會由該重新發展項目之項目融資所取代，並最終以干德道38號重新發展項目之銷售所得款項償付。預期馬己仙峽道15號之物業貸款將會由該重新發展項目之項目融資(「MGR項目貸款」)所取代。於馬己仙峽道15號之重建項目竣工後，MGR項目貸款將由按揭貸款所取代。

致謝

本人謹藉此機會向董事會同寅及本集團各位職員之鼎力支持及寶貴貢獻致謝。

主席
鍾斌銓

香港，二零零六年三月二十三日