



TOP GLORY INTERNATIONAL HOLDINGS LIMITED

Incorporated in Hong Kong with limited liability

鵬利國際集團有限公司

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2001

CONDENSED INTERIM ACCOUNTS

The board of directors (the "Directors") of Top Glory International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001 together with the comparative figures for the six months ended 30 June 2000. These interim results have not been audited, but have been reviewed by the Company's Joint Auditors and Audit Committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2001

	Notes	For the six months ended 30 June 2001 HK\$'000 (Unaudited)	For the six months ended 30 June 2000 HK\$'000 (Unaudited)
TURNOVER	1	858,930	1,039,637
Cost of sales		(774,542)	(914,513)
Gross profit		84,388	125,124
Other revenue		57,239	91,790
Selling and distribution costs		(7,632)	(11,243)
Administrative expenses		(54,357)	(49,878)
Other operating expenses		(18,620)	(40,713)
Loss on dilution of interest in a listed subsidiary		(160,169)	-
Provision for impairment loss of jointly controlled entities		(211,659)	-
Provision for impairment loss of fixed assets		(21,516)	-
Provision for impairment loss of properties under development		(283,091)	-
Deficit on revaluation of hotel properties		(54,546)	-
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	3	(669,963)	115,080
Finance costs		(33,591)	(41,895)
Share of profits of associates		35,496	33,013
Share of loss of jointly controlled entities		(5,175)	(7,938)
(LOSS)/PROFIT BEFORE TAX		(673,233)	98,260
Tax	4	(10,183)	(26,892)
(LOSS)/PROFIT BEFORE MINORITY INTERESTS		(683,416)	71,368
Minority interests		(5,496)	(25,911)
NET (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(688,912)	45,457
INTERIM DIVIDEND		NIL	NIL
(LOSS)/EARNINGS PER SHARE	5	(25.7) HK cents	1.7 HK cents
Basic			
Diluted		N/A	N/A

Notes:

1. SEGMENTAL INFORMATION

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period. An analysis of the Group's turnover and contribution to (loss)/profit from operating activities by principal activity and geographical area of operations for the period is as follows:

	For the six months ended 30 June 2001		For the six months ended 30 June 2000	
	Turnover HK\$'000 (Unaudited)	Contribution to (loss)/profit from operating activities HK\$'000 (Unaudited)	Turnover HK\$'000 (Unaudited)	Contribution to (loss)/profit from operating activities HK\$'000 (Unaudited)
By activity:				
Continuing operations				
Property Investment and development	74,197	22,090	212,180	64,350
Hotel operation	107,376	23,124	109,735	27,426
	181,573	45,214	321,915	91,776
Discontinued operations:				
Food processing and related business	677,357	11,965	717,722	(10,268)
	858,930	57,179	1,039,637	81,508
Dividend and interest income				
Continuing operations		1,454		2,321
Discontinued operation		3,905		29,828
Corporate and others				
Continuing operations		(24,297)		(14,336)
Discontinued operations		22,777		15,759
Loss on dilution of interest in a listed subsidiary		(160,169)		-
Provision for impairment loss of jointly controlled entities		(211,659)		-
Provision for impairment loss of fixed assets		(21,516)		-
Provision for impairment loss of properties under development		(283,091)		-
Deficit on revaluation of hotel properties		(54,546)		-
		(669,963)		115,080
By Geographical area:				
People's Republic of China:				
Hong Kong				
Continuing operations	28,799	(158,125)	29,425	15,383
Discontinued operations	486,239	23,161	479,392	38,315
Elsewhere				
Continuing operations	152,774	(550,485)	292,490	64,378
Discontinued operations	191,118	15,486	238,330	(2,996)
	858,930	(669,963)	1,039,637	115,080

2. DISCONTINUATION OF OPERATIONS

On 30 January 2001, the Company's then subsidiary, COFCO International Limited (then known as "China Foods Holdings Limited") ("COFCO International") entered into a sale and purchase agreement with China National Cereals, Oils & Foodstuffs Import & Export Corporation ("COFCO") and COFCO (Hong Kong) Limited ("COFCO (HK)") to purchase from COFCO (HK) entire issued share capital of COFCO Oils & Fats Holdings Limited ("COFCO Oils & Fats") and COFCO Wines & Spirits Holdings Limited (the "Acquisitions").

On the same date, COFCO International entered into another sale and purchase agreement with COFCO and COFCO (HK) to procure COFCO Oils & Fats to purchase from COFCO (HK) the entire issued share capital of COFCO (BVI) No. 36 Limited (the "Great Ocean Acquisitions"). Details of the Acquisitions and the Great Ocean Acquisition are set out in the Company's circular dated 22 February 2001.

On 16 May 2001, COFCO International completed the Acquisitions and 692,656,250 new shares of COFCO International were issued as consideration. Following the completion of the Acquisitions, the Group's interests in COFCO International was diluted from 51.13% to 24.95% and the Company ceased to be the controlling shareholder of COFCO International.

On 18 May and 7 June 2001, COFCO International entered into two placing and subscription arrangements pursuant to which a total of 192,000,000 shares of COFCO International were placed to independent investors (the "Placings"). Following the completion of the Placings, 192,000,000 new shares of COFCO International were issued and the Group's interests in COFCO International was further diluted to 21.85%, which was also the Group's shareholding interests in COFCO International as at 30 June 2001. The dilution of the Group's interests in COFCO International resulted in a loss of HK\$160,169,000 on deemed disposal of the Group's interests in COFCO International.

Following the completion of the Great Ocean Acquisition on 4 September 2001, the Group's interests in COFCO International was further diluted to 21.52% after 24,202,697 new shares of COFCO International were issued as consideration.

During the period from 1 January 2001 to 16 May 2001, being the completion date of the Acquisitions, COFCO International contributed HK\$677,357,000 (six months ended 30 June 2000: HK\$717,722,000) to the Group's turnover and accounted for a profit of HK\$38,647,000 (six months ended 30 June 2000: HK\$35,319,000) to the Group's profit before tax.

3. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 30 June 2001 HK\$'000 (Unaudited)	Six months ended 30 June 2000 HK\$'000 (Unaudited)
Cost of inventories sold	679,507	723,213
Depreciation	20,224	25,929
and after crediting:		
Write back of provision for impairment in value of long term investments	-	(10,176)
Interest income	(25,808)	(26,504)

4. TAX

Hong Kong profits tax has been provided at the rate of 16 per cent. (2000: 16 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June 2001 HK\$'000 (Unaudited)	Six months ended 30 June 2000 HK\$'000 (Unaudited)
The charge comprises:		
The Group:		
Hong Kong	1,880	1,780
Outside Hong Kong	3,143	19,887
	5,023	21,667
Share of tax attributable to associate	5,424	4,952
Share of tax attributable to jointly controlled entities	(264)	273
	10,183	26,892

5. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the net loss attributable to shareholders for the period of HK\$688,912,000, (2000: profit HK\$45,457,000) and 2,675,136,092 (2000: 2,675,136,092) ordinary shares in issue during the period.

No diluted (loss)/earnings per share has been presented as the exercise of the Company's outstanding exercisable share options would be anti-dilutive.

6. COMPARATIVE AMOUNTS

As a result of adoption of Hong Kong Statement of Standard Accounting Practice No.1 "Presentation of Financial Statements", the presentation of the profit and loss account for the six months ended 30 June 2000 have been revised to conform with the current period's presentation.

INTERIM DIVIDENDS

The Directors do not declare the payment of any interim dividend in respect of the six months ended 30 June, 2001 (2000: nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results

During the period under review, the consolidated turnover of the Group amounted to HK\$858,930,000, representing a decrease of 17 per cent. compared to the corresponding period last year. During the period, the Group recorded a loss of HK\$688,912,000.

One of the prime factors accounting for the loss recorded was the dilution of the Group's shareholding interests in COFCO International from approximately 51.13 per cent. to approximately 21.85 per cent. which resulted in a loss of about HK\$160 million on the deemed disposal of this investment. In addition, having considered the market conditions, and after having consulted an independent professional valuer, the Directors have resolved to make a provision of HK\$570,812,000 against the Group's property portfolio.

Business Review

Property Development and Investment Projects

The Group's major investment property in Hong Kong, namely Top Glory Tower, is located in a prime commercial area on Hong Kong Island. Rental of this property remained at market levels and average occupancy rate maintained at over 90 per cent. during the period.

The Group has an extensive property portfolio in the Mainland, comprising investment and development projects in various major cities such as Beijing, Shenyang and Shanghai. Construction works on Phase V of Beijing Capital Paradise, the Group's deluxe residential project in Beijing, has been completed, and marketing activities have commenced. Occupancy rate of the rental apartments was over 70 per cent..

The Wal-Mart department store in Shenyang Top Glory Square started its pre-opening renovation works during the period under review. It is expected that its opening will attract more tenants and consumers, and in turn bring more opportunities and revenue for the Group's business in the area.

Hotel Investments

The occupancy rates of the hotels under the Group's control remained at levels comparable to those in the corresponding period last year despite the fierce market competition.

Foodstuffs & Edible Oils Processing and Manufacturing

In mid May 2001, COFCO International completed its acquisitions of the edible oils and fats and wines and spirits businesses from its parent company, COFCO (HK) resulting in a dilution in the Group's shareholding in COFCO International from 51.13 per cent. to 21.85 per cent.. Following this acquisition, COFCO International has become the largest edible oils manufacturer in the Mainland. It also increased its stake in China Great Wall Wine Co. Ltd. to 50 per cent. and acquired two additional wineries making "Great Wall" wine and a wholly owned subsidiary engaged in wines and spirits import and distribution.

COFCO International is principally engaged in oils refining, wine making and beverages, international food trading, flour milling and other investment businesses. With a significant increase in the demand of quality foodstuffs and imported products in the Mainland, COFCO International recorded satisfactory results and a contribution of HK\$38,647,000 to the Group's operating profits during the period.

Future Prospect

During the period under review, in view of the continuous improvement in China's economy and in anticipation of China's accession to the WTO, many foreign companies are seeking to establish offices in the Mainland. Demand for quality housing by expatriates has seen a remarkable increase. In addition, benefiting from the advantageous factors of a continuous rise in people's income and a national housing policy, demand for quality housing is also beginning to increase. Further, with Beijing's successful bid to host the 2008 Olympics, together with the rapid development of tourism in the Mainland, demand for properties will rise, particularly demand for hotels in major cities.

Furthermore, the Group has the full support of its ultimate holding company, COFCO, to develop its property projects, reflecting the Group's position as the only listed property flagship of COFCO.

The Group currently owns various office premises, hotels, shopping malls and residential complexes. The Group will in future direct its resources towards developing medium-class to high-class residential projects in major cities in the Mainland such as Beijing, Shanghai, Guangzhou and Shenzhen.

LIQUIDITY AND CAPITAL STRUCTURE

As at 30 June 2001, the Group's total assets was HK\$6,036,454,000 (31 December 2000: HK\$7,662,101,000). Bank borrowings amounted to HK\$832,617,000 (31 December 2000: HK\$862,680,000). The portion repayable on demand or within one year was HK\$612,562,000 (31 December 2000: HK\$492,062,000) while the long-term loans have been reduced to HK\$220,055,000 (31 December 2000: HK\$370,618,000). The gearing ratio (total liabilities/total assets) was 21% (31 December 2000: 19%).

PUBLICATION OF DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company will publish all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules on the website of The Stock Exchange of Hong Kong Limited as soon as practicable.

By order of the Board
Xue Guoping
Vice-Chairman & Managing Director

Hong Kong, 25 September 2001