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WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

ANNOUNCEMENT OF AUDITED RESULTS

The directors of Winfoong International Limited (the “Company”) present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2011.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 HK\$'000	2010 HK\$'000
Turnover	3	46,721	376,498
Cost of sales		<u>(31,379)</u>	<u>(318,491)</u>
Gross profit		15,342	58,007
Other revenue	4	827	713
Other net income/(loss)	4	5,148	(827)
Operating and administrative expenses		<u>(44,126)</u>	<u>(89,806)</u>
Loss from operations		(22,809)	(31,913)
Gain on disposal of subsidiaries	12	–	12,461
Finance costs	5(a)	(16)	(44)
Loss before taxation	5	(22,825)	(19,496)
Income tax expense	6	–	–
Loss for the year		<u>(22,825)</u>	<u>(19,496)</u>
Attributable to:			
Equity shareholders of the Company		(22,825)	(19,496)
Non-controlling interests		–	–
Loss for the year		<u>(22,825)</u>	<u>(19,496)</u>
Basic and diluted loss per share	8	<u>HK cents (0.87)</u>	<u>HK cents (0.74)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Loss for the year	(22,825)	(19,496)
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments)		
Exchange differences on translating foreign operations (net of nil tax):		
– Reclassification adjustments relating to foreign operations disposed of during the year	–	(9,386)
	–	(9,386)
Available-for-sale securities: net movement in the fair value reserve (net of nil tax):		
– Changes in fair value recognised during the year	1,900	270
– Reclassification adjustments for amounts transferred to profit or loss – impairment losses	300	830
	2,200	1,100
	2,200	(8,286)
Total comprehensive loss for the year	(20,625)	(27,782)
Attributable to:		
Equity shareholders of the Company	(20,625)	(27,782)
Non-controlling interests	–	–
Total comprehensive loss for the year	(20,625)	(27,782)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		2011	2010
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Fixed assets		1,702	2,624
Other financial assets		6,950	5,050
		<u>8,652</u>	<u>7,674</u>
Current assets			
Inventories		249,857	281,490
Trade and other receivables	10	17,334	24,265
Cash and cash equivalents		121,205	440,259
		<u>388,396</u>	<u>746,014</u>
Current liabilities			
Trade and other payables	11	25,213	360,968
Bank borrowings, unsecured		181	441
		<u>25,394</u>	<u>361,409</u>
Net current assets		<u>363,002</u>	<u>384,605</u>
NET ASSETS		<u><u>371,654</u></u>	<u><u>392,279</u></u>
CAPITAL AND RESERVES			
Share capital		131,582	131,582
Reserves		240,072	260,697
Total equity attributable to equity shareholders of the Company		<u>371,654</u>	<u>392,279</u>
Non-controlling interests		<u>—</u>	<u>—</u>
TOTAL EQUITY		<u><u>371,654</u></u>	<u><u>392,279</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Fair value reserve	Retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	131,582	4,785	121	9,386	330	273,857	420,061	420,061
Loss for the year	–	–	–	–	–	(19,496)	(19,496)	(19,496)
Other comprehensive (loss)/income for the year	–	–	–	(9,386)	1,100	–	(8,286)	(8,286)
Total comprehensive (loss)/income for the year	–	–	–	(9,386)	1,100	(19,496)	(27,782)	(27,782)
At 31 December 2010	<u>131,582</u>	<u>4,785</u>	<u>121</u>	<u>–</u>	<u>1,430</u>	<u>254,361</u>	<u>392,279</u>	<u>392,279</u>
At 1 January 2011	131,582	4,785	121	–	1,430	254,361	392,279	392,279
Loss for the year	–	–	–	–	–	(22,825)	(22,825)	(22,825)
Other comprehensive income for the year	–	–	–	–	2,200	–	2,200	2,200
Total comprehensive (loss)/income for the year	–	–	–	–	2,200	(22,825)	(20,625)	(20,625)
At 31 December 2011	<u>131,582</u>	<u>4,785</u>	<u>121</u>	<u>–</u>	<u>3,630</u>	<u>231,536</u>	<u>371,654</u>	<u>371,654</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of these financial statements is the historical cost basis except that the investment property, buildings and financial instruments classified as available-for-sale securities are stated at their fair value.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- HKAS 24 (revised 2009), *Related Party Disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) – Int 19, *Extinguishing Financial Liabilities with Equity Instruments*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HK(IFRIC) – Int 19 has not yet had a material impact on the Group’s financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of the developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group’s related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- *Improvements to HKFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial Instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3. TURNOVER

The principal activities of the Group are property development, property construction, property management and provision of horticultural services.

Turnover represents proceeds from sales of properties, revenue from provision of property management services and revenue from provision of horticultural services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Gross proceeds from properties sold	42,329	373,150
Revenue from provision of property management services	527	229
Revenue from provision of horticultural services	3,865	3,119
	<u>46,721</u>	<u>376,498</u>

4. OTHER REVENUE AND NET INCOME/(LOSS)

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Other revenue		
Interest income		
– banks	737	231
– others	–	12
	<u>737</u>	<u>243</u>
Total interest income on financial assets not at fair value through profit or loss	737	243
Dividend income from available-for-sale unlisted securities	–	304
Others	90	166
	<u>827</u>	<u>713</u>
Other net income/(loss)		
Loss on disposal of fixed assets	(1)	(5)
Revaluation losses on buildings	(92)	(22)
Available-for-sale securities:		
reclassified from equity – on impairment	(300)	(830)
Fair value gain on transfer of investment property		
to other property, plant and equipment	50	–
Waiver of commission payable*	5,491	–
Valuation gain on investment property	–	30
	<u>5,148</u>	<u>(827)</u>

* During the year ended 31 December 2011, the property agent agreed to waive its commission for certain sale transactions.

5. LOSS BEFORE TAXATION

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(a) Finance costs		
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank borrowings wholly repayable within five years	16	751
Less: Interest expense capitalised into properties under development*	–	(707)
	<u>16</u>	<u>44</u>

* The borrowing costs have been capitalised at a rate of 0.86% - 1.15% per annum for the year ended 31 December 2010.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	135	59
Salaries, wages and other benefits	10,301	4,197
	<u>10,436</u>	<u>4,256</u>

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(c) Other items		
Amortisation of land lease premium	12	12
Depreciation of property, plant and equipment	931	1,059
Auditors' remuneration		
– audit services	420	480
– other services	60	77
Operating lease charges: minimum lease payments		
– hire of plant and machinery	9	6
– hire of other assets (including property rentals)	2,827	2,827
Expenses incurred for the settlement arrangements in respect of certain sale transactions [#]	–	56,547
Cost of inventories	<u>31,379</u>	<u>300,734</u>

[#] There were complaints made by purchasers of certain units of a development property of the Group. After consulting the Group's legal advisors and for commercial reasons, the Group addressed the concerns raised by the purchasers by offering them two options:

Option (1): the Group will, at its own costs and within an agreed period of time, carry out certain agreed renovation work for the purchasers and pay each purchaser a HK\$600,000 ex-gratia payment.

Option (2): the Group will purchase the property from the purchasers at 120% of the original purchase price.

Based on the information available to the Group, the directors of the Company estimated the expenses incurred for the settlement arrangements under these two options to be approximately HK\$56,547,000. These expenses were recognised in profit or loss for the year ended 31 December 2010.

6. INCOME TAX

No Hong Kong Profits Tax for the years ended 31 December 2011 and 2010 has been provided for as the Group has no estimated assessable profits arising in Hong Kong for both years.

7. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the current year (2010:Nil).

8. 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 the Company of HK\$22,825,000 (2010: HK\$19,496,000) and the weighted average number of approximately 2,631,652,000 (2010: 2,631,652,000) ordinary shares in issue during the year.

b) DILUTED LOSS PER SHARE

Diluted loss per share is the same as basic loss per share as the Company does not have dilutive potential ordinary shares for the years ended 31 December 2011 and 2010.

9. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development: this segment develops and sells the Group's residential properties. Currently the Group's activities in this regard are carried out in Hong Kong.

Horticultural services: this segment provides horticultural services. Currently the Group's activities in this regard are carried out in Hong Kong.

Property management and other related business: this segment mainly provides building management services. Currently the Group's activities in this regard are carried out in Hong Kong.

For the purposes of assessing segment performance and allocating resources between segments, the executive directors of the Company monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors and other payables attributable to the sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e., "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided by the executive directors of the Company for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Property development – Hong Kong		Property development – Singapore		Horticultural services		Property management and other related business		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	42,329	373,150	–	–	3,865	3,120	527	228	46,721	376,498
Inter-segment revenue	–	–	–	–	48	969	–	–	48	969
Reportable segment revenue	42,329	373,150	–	–	3,913	4,089	527	228	46,769	377,467
Reportable segment (loss)/profit (adjusted EBITDA)	(11,538)	(10,830)	–	12,461	661	432	561	131	(10,316)	2,194
Interest income	513	140	–	–	–	–	–	–	513	140
Interest expenses	–	–	–	–	–	–	–	–	–	–
Depreciation and amortisation for the year	(2)	(3)	–	–	(34)	(64)	(17)	(1)	(53)	(68)
Valuation gain on investment property	–	–	–	–	–	–	–	30	–	30
Fair value gain on transfer of investment property to other property, plant and equipment	–	–	–	–	–	–	50	–	50	–
Gain on disposal of subsidiaries	–	–	–	12,461	–	–	–	–	–	12,461
Expenses incurred for the settlement arrangements in respect of certain sale transactions	–	(56,547)	–	–	–	–	–	–	–	(56,547)
Income tax expense	–	–	–	–	–	–	–	–	–	–
Reportable segment assets	264,130	340,982	–	–	1,097	871	359	561	265,586	342,414
Additions to non-current segment assets during the year	–	–	–	–	13	2	–	83	13	85
Reportable segment liabilities	23,870	352,846	–	–	334	263	24	111	24,228	353,220

For the year ended 31 December 2011, revenues of approximately HK\$12,286,000, HK\$10,447,000, HK\$10,281,000 and HK\$9,315,000 are derived from 4 single external customers respectively, each of them contributed over 10% of total revenue of the Group. These revenues are attributable to the property development segment.

For the year ended 31 December 2010, there was no customer with whom transactions exceeded 10% of the Group's revenue.

Reconciliations of reportable segment revenue and profit or loss, assets and liabilities:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	46,769	377,467
Elimination of inter-segment revenue	(48)	(969)
	<hr/>	<hr/>
Consolidated turnover	46,721	376,498
	<hr/>	<hr/>
Profit		
Reportable segment (loss)/profit	(10,316)	2,194
Elimination of inter-segment profit	(48)	(39)
	<hr/>	<hr/>
Reportable segment (loss)/profit derived from Group's external customers	(10,364)	2,155
Other revenue and net income/(loss)	434	(144)
Depreciation and amortisation	(943)	(1,071)
Finance costs	(16)	(44)
Unallocated corporate expenses	(11,936)	(20,392)
	<hr/>	<hr/>
Consolidated loss before taxation	(22,825)	(19,496)
	<hr/>	<hr/>
Assets		
Reportable segment assets	265,586	342,414
Elimination of inter-segment receivables	–	–
	<hr/>	<hr/>
	265,586	342,414
Other financial assets	6,950	5,050
Unallocated corporate assets		
– cash and cash equivalents	121,088	402,493
– other assets	3,424	3,731
	<hr/>	<hr/>
Consolidated total assets	397,048	753,688
	<hr/>	<hr/>
Liabilities		
Reportable segment liabilities	24,228	353,220
Elimination of inter-segment payables	–	–
	<hr/>	<hr/>
	24,228	353,220
Unallocated corporate liabilities	1,166	8,189
	<hr/>	<hr/>
Consolidated total liabilities	25,394	361,409
	<hr/>	<hr/>

10. TRADE AND OTHER RECEIVABLES

Trade receivables are generally granted with credit period of not more than 30 days from the date of billing.

Included in trade and other receivables are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Within 1 month	478	436
1 to 3 months	151	107
More than 3 months but less than 12 months	5	1
	<u>634</u>	<u>544</u>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Within 1 month	7	22,909
After 1 month but within 3 months	—	8
After 3 months but within 6 months	—	—
Over 6 months	11,695	2,720
	<u>11,702</u>	<u>25,637</u>

12. DISPOSAL OF SUBSIDIARIES

On 16 November 2009, the Group entered into an agreement with Hong Fok Corporation Limited (“HFC”), the ultimate holding company of the Company from 1 August 2007 to 15 December 2009 and a substantial shareholder of the Company from 16 December 2009 onwards, pursuant to which the Group agreed to sell and HFC agreed to purchase the Group’s interest in Goldease Investments Limited and its subsidiaries (collectively referred to as “Goldease Group”) at the cash consideration of S\$10,150,000 (equivalent to approximately HK\$56,434,000). Goldease Group was engaged in property development activity. The transaction was completed on 25 January 2010 and resulted in a gain of approximately HK\$12,461,000, which was accounted for in the year ended 31 December 2010. In the opinion of the directors of the Company, this transaction was conducted in normal commercial terms and in the ordinary course of the Group’s business.

On 25 January 2010, the net liabilities of Goldease Group were as follows:

HK\$'000

Net liabilities disposed of:	
Property, plant and equipment	112
Properties held for sale	69,675
Trade and other receivables	21
Cash and cash equivalents	3,593
Amount due to a substantial shareholder	(216)
Trade and other payables	(114,720)
Tax payable	(430)
Bank borrowings	(20,340)
	<hr/>
	(62,305)
Amount due from Goldease Group	114,078
Release of exchange reserve	(9,386)
	<hr/>
	42,387
Gain on disposal	12,461
	<hr/>
Total consideration, net of expenses	<u>54,848</u>
Net cash inflow arising on disposal:	
Net cash consideration	54,848
Bank balances and cash disposed of	(3,593)
	<hr/>
	<u>51,255</u>

13. CONTINGENT ASSETS AND LIABILITIES

a) Financial guarantees issued

As at 31 December 2011, the Company had given a corporate guarantee to a bank for issuing a letter of indemnity to a third party in respect of a contract undertaken by a wholly-owned subsidiary to the extent of approximately HK\$134,000 (2010: HK\$134,000). The extent of such facilities utilized by third parties at the end of the reporting period amounted to approximately HK\$26,000 (2010: HK\$59,000).

The Company has not recognised any deferred income in respect of the above guarantees issued because the fair value of these guarantees was insignificant. As at the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Company under any of the guarantees.

b) Contingent liabilities in respect of claims

- i) A subsidiary of the Company was involved in a dispute with a contractor in connection with the contract for the foundation work on the redevelopment of residential properties in Hong Kong. After the end of the reporting period, the dispute was resolved and the Group has agreed to pay the outstanding construction cost of approximately HK\$2,700,000 to the claimant for the settlement of this dispute. The outstanding amount of HK\$2,700,000 was already accounted for in the consolidated statement of financial position as at 31 December 2011 and 2010.
- ii) At 31 December 2011, a subsidiary of the Company was involved in the disputes in connection with the sales of certain completed properties. The directors of the Company are of the view that such disputes are based on unreasonable and invalid grounds and are unfounded. In the circumstances, the directors of the Company believe that the disputes will not have a material adverse impact on the financial position of the Group. Accordingly, no specific provision has been made in respect of these disputes.

Except for the aforesaid, the Group and the Company did not have any material contingent liabilities as at 31 December 2011 and 2010.

BUSINESS REVIEW AND PROSPECTS

During the year, the Group continued to engage in property related business and provision of horticultural services. The decrease in turnover was mainly due to the decrease in revenue from the sale of properties.

The Group recorded loss for the year of approximately HK\$22.8 million. Loss from operations has decreased by 29% mainly due to the one-off expenses incurred for the settlement arrangements with purchasers of the Group's properties in the year ("Settlement Arrangements") that were recognised in the year 2010. Operating expenses of the current year was after the professional fees of approximately HK\$15.5 million incurred for the Settlement Arrangements and settlement of the dispute with a contractor of the redevelopment project of a subsidiary.

The Company remains confident in the Hong Kong property market, the prestigious location and the superior quality of the Group's development properties and intends to be selective in considering any sale of units in it.

The net asset value of the Group per share as at 31 December 2011 was approximately HK\$0.14 (2010: HK\$0.15) based on the 2,631,652,084 (2010: 2,631,652,084) shares issued.

LIQUIDITY AND FINANCIAL RESOURCES

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 conducts its business transactions principally in Hong Kong dollars. The exchange rate risk of the Group is not considered significant, no financial instruments for hedging purpose are employed.

As at 31 December 2011, the outstanding bank loan amounted approximately HK\$0.2 million (2010: HK\$0.4 million). This bank facility was denominated in Hong Kong dollars, unsecured and arranged on a floating rate basis. The year end gearing ratio was 0% (2010: 0%) based on bank borrowing to total equity. The Group's working capital requirements are funded by bank deposits.

The following is the maturity profile of the Group's bank borrowings as at 31 December 2011:

Within 1 year	100%
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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 year.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited results of the Group for the year ended 31 December 2011.

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 Rules Governing the Listing of Securities on the Stock Exchange ("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 year.

CORPORATE GOVERNANCE

The Company has adopted 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 a term of not more than three years.

- (iii) Under Code A.4.2, every director should be subject to retirement by rotation at least once every three years. The Company's Bye-law 87(1) states that the chairman of the board and/or the managing director of the Company shall not be subject to retirement by rotation and shall not be counted in determining the number of directors to retire in each year. In the opinion of the board, the continuity of leadership role of the chairman is important for the stability of the Company and is considered beneficial to the growth of the Company. The board is of the view that the chairman should not be subject to retirement by rotation at the present time.
- (iv) 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 has not established a remuneration committee. The board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration.

- (v) 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 ANNUAL REPORT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.winfoong.com). The annual report will be dispatched to the shareholders and available on the above websites in due course.

On behalf of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 28 February 2012

As at the date of this statement, the Board comprises (i) four executive directors, namely Messrs. Cheong Pin Chuan, Patrick, Cheong Kim Pong and Cheong Sim Eng and Ms. Cheong Hooi Kheng and; (ii) three independent non-executive directors, namely Messrs. Chan Yee Hoi, Robert, Leung Wing Ning and Kwik Sam Aik.

* For identification purpose only