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 2005.

	Note	2005 HK$'000	2004 (restated) HK$'000
Turnover	*3 & 8*	**128,349**	46,441
Cost of sales		**(81,842)**	(20,760)
Gross profit		**46,507**	25,681
Valuation gains on investment property		**166,000**	533,016
Other revenue	*4*	**406**	1,874
Other net (loss)/income	*4*	**(41,147)**	26,296
Operating and administrative expenses		**(41,764)**	(28,673)
Profit from operations		**130,002**	558,194
Finance costs		**(20,168)**	(10,516)
Profit on disposal of subsidiaries		**–**	156
Share of profit/(loss) of an associate		**30,472**	(448)
Profit before taxation	*5*	**140,306**	547,386
Income tax	*6*	**(28,244)**	(93,025)
Profit for the year		**112,062**	454,361
Attributable to:			
Equity shareholders of the Company		**115,131**	454,440
Minority interests		**(3,069)**	(79)
Profit for the year		**112,062**	454,361
Earnings per share	*7*		
Basic		**HK7.71 cents**	HK30.45 cents
Diluted		**HK7.66 cents**	N/A

CONSOLIDATED BALANCE SHEET
At 31 December 2005

		2005		2004 (restated)	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
– Investment property			**1,966,640**		1,800,640
– Property held for future development			**–**		80,000
– Other property, plant and equipment			**2,075**		8,055
– Interests in leasehold land held for own use under operating leases			**476**		29,978
			1,969,191		1,918,673
Interest in an associate			**393,602**		373,159
Pledged bank balances and time deposits			**912**		4,191
Other financial assets			**2,750**		3,688
Deferred tax assets			**1,791**		986
			2,368,246		2,300,697
Current assets					
Inventories		**14,370**		74,903	
Trade and other receivables	9	**19,937**		21,405	
Tax recoverable		**12**		28	
Cash and cash equivalents		**3,615**		882	
		37,934		97,218	
Current liabilities					
Trade and other payables	10	**17,734**		18,392	
Bank borrowings		**80,204**		32,722	
Current taxation		**14,449**		14,449	
		112,387		65,563	
Net current (liabilities)/assets			**(74,453)**		31,655
Total assets less current liabilities			**2,293,793**		2,332,352
Non-current liabilities					
Bank borrowings			**347,219**		526,899
Deferred income			**5,582**		5,582
Deferred tax liabilities			**248,432**		219,397
			601,233		751,878

NET ASSETS		**1,692,560**	1,580,474
CAPITAL AND RESERVES	*11*		
Share capital		**74,620**	74,620
Reserves		**1,617,940**	1,502,802
Total equity attributable to equity shareholders of the Company		**1,692,560**	1,577,422
Minority interests		**–**	3,052
TOTAL EQUITY		**1,692,560**	1,580,474

Notes:

1. BASIS OF PREPARATION

These 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 ("Listing Rules").

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting years reflected in note 2 below.

The consolidated financial statements for the year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment property;

– other buildings; and

– financial instruments classified as available-for-sale securities.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Notwithstanding that the Group had net current liabilities as at 31 December 2005, the directors of the Company are of the opinion that the Company and the Group are able to continue as a going concern and to meet their obligations as and when they fall due having regard to an agreement obtained from a financial institution for a new loan facility of approximately HK$210 million to the Group.

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

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

(a) Restatement of prior years and opening balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to each of the line items in the consolidated income statement and balance sheet as previously reported for the year ended 31 December 2004. The effects of the changes in accounting policies on the balances at 1 January 2004 and 2005 are disclosed in note 11.

Consolidated income statement for the year ended 31 December 2004

	2004 (as previously reported)	Effect of new policy (increase/(decrease) on profit for the year)				2004 (as restated)
		HKAS 1 *(note 2(e))*	HKAS 17 *(note 2(f))*	HKAS 40 *(note 2(h))*	Sub-total	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	46,441	–	–	–	–	46,441
Cost of sales	(20,760)	–	–	–	–	(20,760)
Gross profit	25,681	–	–	–	–	25,681
Valuation gains on investment property	–	–	–	533,016	533,016	533,016
Operating and administrative expenses	(28,867)	–	194	–	194	(28,673)
Other income and expenses	35,373	–	(7,203)	–	(7,203)	28,170
Profit from operations	32,187	–	(7,009)	533,016	526,007	558,194
Finance costs	(10,516)	–	–	–	–	(10,516)
Profit on disposal of subsidiaries	1,073	–	–	(917)	(917)	156
Share of profit/(loss) of an associate	116	(564)	–	–	(564)	(448)
Profit before taxation	22,860	(564)	(7,009)	532,099	524,526	547,386
Income tax	(589)	564	–	(93,000)	(92,436)	(93,025)
	22,271	–	(7,009)	439,099	423,090	454,361
Minority interests	79	(79)	–	–	(79)	–
Profit for the year	22,350	(79)	(7,009)	439,099	432,011	454,361
Earnings per share						
Basic	HK1.50 cents	–	HK(0.47) cents	HK29.42 cents	HK28.95 cents	HK30.45 cents

Consolidated balance sheet at 31 December 2004

	2004 (as previously reported)	Effect of new policy (increase/(decrease) on profit for the year)				2004 (as restated)
		HKAS 1 *(note 2(e))*	HKAS 17 *(note 2(f))*	HKAS 40 *(note 2(b))*	Sub-total	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Investment property	1,800,640	–	–	–	–	1,800,640
Property held for future development	80,000	–	–	–	–	80,000
Other properly, plant and equipment	52,355	–	(44,300)	–	(44,300)	8,055
Interests in leasehold land held for own use under operating leases	–	–	29,978	–	29,978	29,978
Deferred tax assets	986	–	–	–	–	986
Other non-current assets	381,038	–	–	–	–	381,038
	2,315,019	–	(14,322)	–	(14,322)	2,300,697
Current assets						
Inventories	74,903	–	–	–	–	74,903
Other current assets	22,315	–	–	–	–	22,315
	97,218	–	–	–	–	97,218
Current liabilities	(65,563)	–	–	–	–	(65,563)
Net current assets	31,655	–	–	–	–	31,655
Total assets less current liabilities	2,346,674	–	(14,322)	–	(14,322)	2,332,352
Non-current liabilities						
Bank borrowings	(526,899)	–	–	–	–	(526,899)
Deferred tax liabilities	(1,397)	–	–	(218,000)	(218,000)	(219,397)
Other non-current liabilities	(5,582)	–	–	–	–	(5,582)
	(533,878)	–	–	(218,000)	(218,000)	(751,878)
Minority interests	(3,052)	3,052	–	–	3,052	–
NET ASSETS	1,809,744	3,052	(14,322)	(218,000)	(229,270)	1,580,474
CAPITAL AND RESERVES						
Attributable to equity shareholders of the Company						
Share capital	74,620	–	–	–	–	74,620
Revaluation reserves						
– Land and buildings	12,178	–	(12,178)	–	(12,178)	–
– Investment property	1,245,819	–	–	(1,245,819)	(1,245,819)	–
Other reserves	826,287	–	–	–	–	826,287
Retained profits/ (accumulated losses)	(349,160)	–	(2,144)	1,027,819	1,025,675	676,515
	1,809,744	–	(14,322)	(218,000)	(232,322)	1,577,422
Attributable to minority interests	–	3,052	–	–	3,052	3,052
	1,809,744	3,052	(14,322)	(218,000)	(229,270)	1,580,474

(b) Estimated effect of changes in accounting policies on the current year

Estimated effect on the consolidated income statement for the year ended 31 December 2005:

	Estimated effect of new policy (increase/(decrease) on profit for the year)				
	HKFRS 2 *(note 2(c))* ***HK$'000***	**HKAS 1** *(note 2(e))* ***HK$'000***	**HKAS 17** *(note 2(f))* ***HK$'000***	**HKAS 40** *(note 2(h))* ***HK$'000***	**Total** ***HK$'000***
Valuation gains on investment property	–	–	–	166,000	166,000
Other net (loss)/income	–	–	14,040	–	14,040
Operating and administrative expenses	(8,911)	–	318	–	(8,593)
Profit from operations	(8,911)	–	14,358	166,000	171,447
Share of profit/(loss) of an associate	–	(185)	–	–	(185)
Profit before taxation	(8,911)	(185)	14,358	166,000	171,162
Income tax	–	185	–	(29,000)	(28,815)
Profit for the year	(8,911)	–	14,358	137,000	142,447
Attributable to:					
Equity shareholders of the Company	(8,911)	–	14,358	137,000	142,447
Minority interests	–	–	–	–	–
Profit for the year	(8,911)	–	14,358	137,000	142,447
Earnings per share					
Basic	HK(0.60) cents	–	HK0.96 cents	HK9.18 cents	HK9.54 cents
Diluted	HK(0.59) cents	–	HK0.95 cents	HK9.11 cents	HK9.47 cents

Estimated effect on the consolidated balance sheet at 31 December 2005:

	Estimated effect of new policy (increase/(decrease) on net assets)			
	HKFRS 2 *(note 2(c))* ***HK$'000***	**HKAS 17** *(note 2(f))* ***HK$'000***	**HKAS 40** *(note 2(h))* ***HK$'000***	**Total** ***HK$'000***
Non-current assets				
Other property, plant and equipment	–	(440)	–	(440)
Interests in leasehold land held for own use under operating leases	–	476	–	476
	–	36	–	36
Non-current liabilities				
Deferred tax liabilities	–	–	(29,000)	(29,000)
NET ASSETS	–	36	(29,000)	(28,964)
CAPITAL AND RESERVES				
Effect attributable to equity shareholders of the Company				
Share-based compensation reserve	8,911	–	–	8,911
Revaluation reserves				
– Investment property	–	–	(166,000)	(166,000)
Retained profits	(8,911)	36	137,000	128,125
	–	36	(29,000)	(28,964)
Effect attributable to minority interests	–	–	–	–
	–	36	(29,000)	(28,964)

(c) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the options' exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group has adopted a new policy for employee share options. Under the new policy, the Group recognises the fair value of such share options as an expense with a corresponding increase recognised in a share-based compensation reserve within equity.

The new accounting policy has been applied retrospectively with comparatives restated, except that the Group has taken advantage of the transitional provisions set out in HKFRS 2, under which the new recognition and measurement policies have not been applied to the following grants of options:

(a) all options granted to employees on or before 7 November 2002; and

(b) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

No adjustments to the opening balances as at 1 January 2004 and 1 January 2005 are required as no options existed at that time which were unvested at 1 January 2005.

(d) Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, impairment of assets)

(i) Amortisation of goodwill

In prior periods:

– positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business;

– positive goodwill which arose on or after 1 January 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

– negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

With effect from 1 January 2005, in order to comply with HKFRS 3 and HKAS 36, the Group has changed its accounting policies relating to goodwill. Under the new policy, the Group no longer amortises positive goodwill but tests it at least annually for impairment. Also with effect from 1 January 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in profit or loss as it arises.

The new policy in respect of the amortisation of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. The change in policy relating to positive goodwill had no effect on the financial statements as there was no positive goodwill existed as at 31 December 2004.

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e. goodwill which arose before 1 January 2001) will not be recognised in profit or loss on disposal of impairment of the acquired business, or under any other circumstances. The change in accounting policy relating to goodwill which had previously been taken directly to reserves (i.e. goodwill which arose before 1 January 2001) were adopted by way of opening balance adjustments to retained profits.

The change in policy relating to negative goodwill had no effect on the financial statements as there was no negative goodwill deferred as at 31 December 2004.

(e) Changes in presentation (HKAS 1, Presentation of financial statements)

(i) Presentation of shares of associate's taxation (HKAS 1, Presentation of financial statements)

In prior years, the Group's share of taxation of the associate accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement. With effect from 1 January 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and includes the share of taxation of associate accounted for using the equity method in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax. These changes in presentation have been applied retrospectively with comparatives restated as shown in note 2(a).

(ii) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements).

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders (the equity shareholders of the Company).

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the equity shareholders of the Company. These changes in presentation have been applied retrospectively with comparatives restated as shown in note 2(a).

(f) Leasehold land and buildings (HKAS 17, Leases)

(i) Leasehold land and buildings held for own use

In prior years, leasehold land and buildings held for own use were stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Movements of revaluation surpluses or deficits were normally taken to the land and buildings revaluation reserve.

With effect from 1 January 2005, in order to comply with HKAS 17, the Group has adopted a new policy for leasehold land and buildings held for own use. Under the new policy, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be measured separately from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group or taken over from the previous lessee, or at the date of construction of those buildings, if later.

Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment.

(ii) Leasehold land held for redevelopment for sale

In prior years leasehold land held for redevelopment for resale was stated at the lower of cost and net realisable value.

With the adoption of HKAS 17 as from 1 January 2005, the Group has adopted a new policy for such land. Under the new policy any pre-paid land premiums for acquiring the land leases, or other lease payments, are amortised over the lease term.

(iii) Description of transitional provisions and effect of adjustments

All the above new accounting policies relating to leases have been adopted retrospectively. The adjustments for each financial statements line item affected for 31 December 2004 and 2005 are set out in notes 2(a) and 2(b).

(g) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)

With effect from 1 January 2005, in order to comply with HKAS 32 and HKAS 39, the Group has changed its accounting policies relating to financial instruments. Further details of the changes are as follows.

(i) Investments in debt and equity securities

In prior years, equity investments held on a continuing basis for an identifiable long-term purpose were classified as investment securities and stated at cost less provision. Other investments in securities (including those held for trading and for non-trading purposes) were stated at fair value with changes in fair value recognised in profit or loss, with the exception of dated debt securities being held to maturity.

With effect from 1 January 2005, and in accordance with HKAS 39, all investments, with the exception of securities held for trading purposes, dated debt securities being held to maturity and certain unquoted equity investments, are classified as available-for-sale securities and carried at fair value. Changes in the fair value of available-for-sale securities are recognised in equity, unless there is objective evidence that an individual investment has been impaired. There are no material adjustments arising from the adoption of the new policies for securities held for trading purposes, debt securities being held to maturity and unquoted equity investments not carried at fair value.

(ii) Description of transitional provisions and effect of adjustments

The changes in accounting policies relating to accounting for investments in debt and equity securities had no effect on the opening balance adjustments to reserves as at 1 January 2005.

(h) Investment property (HKAS 40, investment property and HK(SIC) interpretation 21, income taxes – Recovery of revalued non-depreciable assets)

Changes in accounting policies relating to investment properties are as follows:

(i) Timing of recognition of movements in fair value in the income statement

In prior years movements in the fair value of the Group's investment property were recognised directly in the investment property revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 January 2005, the Group has adopted a new policy for investment property. Under this new policy, all changes in the fair value of investment property ware recognised directly in the income statement ("profit or loss") in accordance with the fair value model in HKAS 40.

(ii) Measurement of deferred tax on movements in fair value

In prior years, deferred tax on changes in fair value of investment properties arising from revaluation was not provided for on the basis that the recovery of the carrying amount would be through sale and was calculated at the tax rate applicable on eventual sale, which in Hong Kong is nil.

As from 1 January, 2005, in accordance with HK(SIC) Interpretation 21, the deferred tax is recognised on movements in the value of an investment property using tax rates that are applicable to the property's use as earning rental income.

The directors are of the opinion that such provision would not reflect the ultimate tax consequence since, should any such sale eventuate, any gain would be regarded as capital in nature and would not be subject to any tax in Hong Kong.

(iii) Description of transitional provisions and effect of adjustments

All the above changes in accounting policies relating to investment property have been adopted retrospectively. The adjustments for each financial statement line affected for 31 December 2004 and 2005 are set out in notes 2(a) and (b).

3. TURNOVER

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

Turnover represents the rental income, 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:

	2005	2004
	HK$'000	*HK$'000*
Gross rentals from investment and other properties	**32,729**	36,146
Gross proceeds from properties sold	**92,156**	6,201
Revenue from provision of property management services	**398**	913
Revenue from provision of horticultural services	**3,066**	3,181
	128,349	46,441

4. OTHER REVENUE AND NET (LOSS)/INCOME

	2005	2004 (restated)
	HK$'000	*HK$'000*
Other revenue		
Interest income		
– bank	**81**	15
– others	**23**	2
	104	17
Dividend income from unlisted securities	**142**	–
Compensation received on termination of management services	**–**	1,320
Others	**160**	537
	406	1,874
Other net (loss)/income		
Net gain/(loss) on sale of fixed assets	**28,054**	(9)
Net realised and unrealised gains on trading securities	**–**	172
(Provision)/reversal of provision for impairment of properties held for sale	**(360)**	26,000
Impairment loss on unlisted available-for-sale equity securities	**(2,027)**	–
Impairment loss on property held for future development	**(67,500)**	–
Revaluation (losses)/gains on buildings	**(18)**	133
Write-off of long outstanding creditors	**704**	–
	41,147	26,296

5. PROFIT BEFORE TAXATION

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

	2005	2004 (restated)
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan	**346**	292
Equity-settled share-based payment expenses	**8,911**	–
Salaries, wages and other benefits	**21,110**	16,748
	30,367	17,040

Amortisation of land lease premium	**35**	47
Depreciation of fixed assets	**723**	948
Auditors' remuneration		
– audit services	**279**	274
– tax services	**54**	–
– other services	**40**	–
Operating lease charges: minimum lease payments		
– hire of plant and machinery	**9**	–
– hire of other assets (including property rentals)	**641**	274
Share of an associate's taxation	**(185)**	564
Rentals receivable from investment and other properties less direct outgoings of HK$7,539,000 (2004: HK$9,081,000)	**25,190**	27,065
Cost of inventories	**73,518**	(14,920)

6. INCOME TAX

	2005	2004 (restated)
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
Under-provision in respect of prior years	**14**	25
Deferred tax		
Origination and reversal of temporary differences	**28,230**	93,000
	28,244	93,025

No provision for Hong Kong Profits Tax for the year ended 31 December 2005 has been made as the Group has no estimated assessable profits for the year.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$115,131,000 (2004 (restated): HK$454,440,000) and the weighted average of 1,492,410,986 (2004: 1,492,410,986) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2005 is based on the profit attributable to ordinary equity shareholders of the Company of HK$115,131,000 and the weighted average number of ordinary shares of 1,503,304,597 shares, calculated as follows:

	2005
Weighted average number of ordinary shares at 31 December	**1,492,410,986**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**10,893,611**
Weighted average number of ordinary shares (diluted) at 31 December	**1,503,304,597**

The diluted earnings per share for the year ended 31 December 2004 is not shown because there was no dilutive potential ordinary shares in existence as at 31 December 2004.

8. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Property investment and management: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term, and provision of building management services.

Property construction and development: the development, construction and sale of properties.

Horticultural Services: the provision for horticultural services.

	Property investment and management		Property construction and development		Horticultural services		Inter-segment elimination		Unallocated		Consolidated	
	2005	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**119,917**	37,059	**5,366**	6,201	**3,066**	3,181	**–**	–	**–**	–	**128,349**	46,441
Inter-segment revenue	**2,835**	5,159	**3,657**	4,719	**28**	–	**(6,520)**	(9,878)	**–**	–	**–**	–
Other revenue from external customers	**133**	1,320	**16**	–	**–**	–	**–**	–	**153**	537	**302**	1,857
Total	**122,885**	43,538	**9,039**	10,920	**3,094**	3,181	**(6,520)**	(9,878)	**153**	537	**128,651**	48,298
Segment result	**221,831**	570,982	**(64,828)**	(808)	**114**	–	**(6,520)**	(9,878)	**(20,699)**	(2,119)	**129,898**	558,177
Unallocated operating income and expenses											**104**	17
Profit from operations											**130,002**	558,194
Finance costs											**(20,168)**	(10,516)
Profit on disposal of subsidiaries											**–**	156
Share of profit/(loss) of an associate											**30,472**	(448)
Income tax											**(28,244)**	(93,025)
Profit for the year											**112,062**	454,361

	Property investment and management		Property construction and development		Horticultural services		Consolidated	
	2005	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,986,916**	1,925,691	**14,610**	88,806	**790**	967	**2,002,316**	2,015,464
Interest in an associate	**393,602**	373,159		–			**393,602**	373,159
Unallocated assets							**10,262**	9,292
Total assets							**2,406,180**	2,397,915
Segment liabilities	**698,688**	803,843	**5,807**	7,078	**93**	93	**704,588**	811,014
Unallocated liabilities							**9,032**	6,427
Total liabilities							**713,620**	817,441

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Hong Kong and Mainland China		Singapore		Total	
	2005	2004 (restated)	**2005**	2004 (restated)	**2005**	2004 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**128,349**	46,441	**–**	–	**128,349**	46,441
Other revenue from external customers	**302**	1,857	**–**	–	**302**	1,857
Segment assets	**2,012,439**	2,024,549	**393,741**	373,366	**2,406,180**	2,397,915

9. TRADE AND OTHER RECEIVABLES

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 balance sheet date.

	2005 ***HK$'000***	2004 *HK$'000*
Current	**374**	809
1 to 3 month overdue	**54**	48
More than 3 months overdue but less than 12 months overdue	**4**	66
	432	923

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date.

	2005 ***HK$'000***	2004 *HK$'000*
Due within 1 month or on demand	**80**	129
Due after 1 month but within 3 months	**50**	37
Due after 3 months but within 6 months	**24**	44
Due after 6 months but within 12 months	**23**	90
Over 1 year	**2,064**	2,014
	2,241	2,314

11. CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company												
							Revaluation reserves						
	Share capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Contributed surplus *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Land and buildings *HK$'000*	Investment properties *HK$'000*	Share-based compensation reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2004	74,620	196,873	121	618,098	145,549	(152,966)	–	713,720	–	(371,510)	1,224,505	3,159	1,227,664
– as previously reported													
– prior period adjustment in respect of:													
– HKAS 17	–	–	–	–	–	–	–	–	–	4,865	4,865	–	4,865
– HKAS 40	–	–	–	–	–	–	–	(713,720)	–	588,720	(125,000)	–	(125,000)
– as restated	74,620	196,873	121	618,098	145,549	(152,966)	–	–	–	222,075	1,104,370	3,159	1,107,529
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(68)	–	–	–	–	(68)	(28)	(96)
Share of movements in reserves of an associate	–	–	–	–	–	18,680	–	–	–	–	18,680	–	18,680
Profit for the year (restated)	–	–	–	–	–	–	–	–	–	454,440	454,440	(79)	454,361
At 31 December 2004 (as restated)	74,620	196,873	121	618,098	145,549	(134,354)	–	–	–	676,515	1,577,422	3,052	1,580,474

	Attributable to equity shareholders of the Company													
							Revaluation reserves							
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Land and buildings HK$'000	Investment properties HK$'000	Share-based compensation reserve HK$'000	Fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2005														
– as previously reported	74,620	196,873	121	618,098	145,549	(134,354)	12,178	1,245,819	–	–	(349,160)	1,809,744	3,052	1,812,796
– prior period adjustment in respect of:														
– HKAS 17	–	–	–	–	–	–	(12,178)	–	–	–	(2,144)	(14,322)	–	(14,322)
– HKAS 40	–	–	–	–	–	–	–	(1,245,819)	–	–	1,027,819	(218,000)	–	(218,000)
– as restated, before opening balance adjustments	74,620	196,873	121	618,098	145,549	(134,354)	–	–	–	–	676,515	1,577,422	3,052	1,580,474
– HKFRS 3	–	–	–	–	(145,549)	–	–	–	–	–	145,549	–	–	–
– as restated, after opening balance adjustments	74,620	196,873	121	618,098	–	(134,354)	–	–	–	–	822,064	1,577,422	3,052	1,580,474
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(7)	–	–	–	–	–	(7)	17	10
Share of movements in reserves of an associate	–	–	–	–	–	(9,416)	–	–	–	519	–	(8,897)	–	(8,897)
Equity settled share-based transactions	–	–	–	–	–	–	–	–	8,911	–	–	8,911	–	8,911
Profit for the year	–	–	–	–	–	–	–	–	–	–	115,131	115,131	(3,069)	112,062
At 31 December 2005	74,620	196,873	121	618,098	–	(143,777)	–	–	8,911	519	937,195	1,692,560	–	1,692,560

12. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or re-classified as a result of the changes in accounting policies, details of which are disclosed in note 2. In addition, certain comparative figures have been reclassified to conform with the current year's presentation.

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.

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

(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;

(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 redeveloped property, partly or in full, will be disposed of so as to defray the costs of redevelopment and to provide additional resources to the Group for acquisition and upkeep of other investments.

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.

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 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.

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.

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 year.

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 should be established 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. The directors' remuneration has been relatively stable in the past years.

(iv) Under Code C.3.3, the audit committee should 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 INTERIM REPORT

The results announcement is published on the Stock Exchange's website (www.hkex.com.hk). The annual report will be dispatched to the shareholders and available on the same website in due course.

As at the date hereof, the Board comprises:

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

By Order of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 23 March 2006

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Room 801, 9 Queen's Road Central, Hong Kong on 28 April 2006 at 10:00 a.m. for the following purposes:

(1) To receive and consider the statement of accounts and the reports of the directors and the auditors for the year ended 31 December 2005.

(2) To re-elect retiring Directors and to fix their remuneration.

(3) To re-appoint Auditors and to authorise the board of directors to fix their remuneration.

(4) To consider and, if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. "**THAT** there be granted to the directors of the Company an unconditional general mandate to repurchase shares of HK$0.05 each in the capital of the Company and that the exercise by the directors of the Company of all powers of the Company to purchase shares of the Company subject to and in accordance with all applicable laws, be and are hereby generally and unconditionally approved, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period;

(b) the aggregate nominal amount of share capital of the Company to be purchased by the directors of the Company during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution;

(c) for the purposes of this Resolution:

"Relevant Period" means the period from the date of passing this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

B. "**THAT** there be granted to the directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares in respect thereof, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares which might require the exercise of such powers after the end of the Relevant Period;

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally, to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to sub-paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any issue of shares in the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to shares; and (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing this Resolution and the approval granted shall be limited accordingly; and

(c) for the purpose of this Resolution:

"Relevant Period" means the period from the date of passing this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong)."

C. "**THAT**, conditional upon the passing of the Resolutions Nos. A and B above, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the Resolution No. A above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the Resolution No. B above."

By Order of the Board
Winfoong International Limited
Cheong Pin Chuan, Patrick
Chairman

Hong Kong, 23 March 2006

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. Concerning Resolution No. (4)B above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company but approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

3. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed amendments to the bye-laws) is for reference only. In case of any inconsistency, the English version shall prevail.

Please also refer to the published version of this announcement in China Daily.