

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2008.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 HK\$'000	2007 HK\$'000
Turnover	3	48,533	29,339
Cost of sales		<u>(44,579)</u>	<u>(16,793)</u>
Gross profit		3,954	12,546
Valuation gains on investment property		75,501	14,173
Other revenue	4	153	302
Other net income	4	510	1,415
Write-down of inventories		(25,908)	—
Operating and administrative expenses		<u>(19,741)</u>	<u>(33,218)</u>
Profit/(loss) from operations		34,469	(4,782)
Finance costs		(179)	(13,490)
Share of profit of an associate		—	28,145
Impairment loss on goodwill	14	<u>—</u>	<u>(321,122)</u>
Profit/(loss) before taxation	5	34,290	(311,249)
Income tax credit/(expense)	6	<u>5,505</u>	<u>(1,021)</u>
Profit/(loss) for the year		<u>39,795</u>	<u>(312,270)</u>
Attributable to:			
Equity shareholders of the Company		39,795	(312,270)
Minority interests		<u>—</u>	<u>—</u>
Profit/(loss) for the year		<u>39,795</u>	<u>(312,270)</u>
Dividend	7	<u>—</u>	<u>1,731,047</u>
Earnings/(loss) per share	8		
Basic		HK cents 1.66	HK cents (16.70)
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

		2008		2007	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets					
– Investment property			355,320		273,320
– Other property, plant and equipment			4,116		3,676
– Interests in leasehold land held for own use under operating leases			440		452
			<u>359,876</u>		<u>277,448</u>
Goodwill			–		–
Pledged bank deposits			4		10
Other financial assets			<u>1,610</u>		<u>2,534</u>
			361,490		279,992
Current assets					
Inventories		94,531		160,965	
Trade and other receivables	10	2,341		3,529	
Tax recoverable		1		8	
Cash and cash equivalents		2,486		5,485	
		<u>99,359</u>		<u>169,987</u>	
Current liabilities					
Trade and other payables	11	9,937		11,557	
Bank borrowings		235		–	
Tax payables		504		856	
		<u>10,676</u>		<u>12,413</u>	
Net current assets			88,683		157,574
Total assets less current liabilities			450,173		437,566
Non-current liabilities					
Bank borrowings			130,306		150,829
Loan from a fellow subsidiary			–		302
Deferred tax liabilities			83		5,786
			<u>130,389</u>		<u>156,917</u>
NET ASSETS			319,784		280,649
CAPITAL AND RESERVES	12				
Share capital			119,620		119,620
Reserves			<u>200,164</u>		<u>161,029</u>
Total equity attributable to equity shareholders of the Company			319,784		280,649
Minority interests			–		–
TOTAL EQUITY			319,784		280,649

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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, other 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 the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- HK(IFRIC)-Int 11, HKFRS 2 – Group and treasury share transactions
- HK(IFRIC)-Int 12, Service concession arrangements
- HK(IFRIC)-Int 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- Amendment to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures – Reclassification of financial assets

These HKFRS developments have had no material impact on the Group’s financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group’s and the Company’s operations.

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

3. TURNOVER

The principal activities of the Group for the year ended 31 December 2008 were property investment and management, property development and construction, and provision of horticultural services.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Gross rentals from investment and other properties	1,612	13,455
Gross proceeds from properties sold	43,128	12,107
Revenue from provision of property management services	289	331
Revenue from provision of horticultural services	3,504	3,309
Revenue from provision of property construction services	–	137
	<hr/> 48,533 <hr/>	<hr/> 29,339 <hr/>

4. OTHER REVENUE AND NET INCOME

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Other revenue		
Interest income		
– banks	16	98
– others	6	39
	<hr/> 22 <hr/>	<hr/> 137 <hr/>
Others	131	165
	<hr/> 153 <hr/>	<hr/> 302 <hr/>
Other net income		
Gain on disposal of fixed assets	–	35
Revaluation (losses)/gains on buildings	(9)	40
Net foreign exchange gain	519	1,340
	<hr/> 510 <hr/>	<hr/> 1,415 <hr/>

5. PROFIT/(LOSS) BEFORE TAXATION

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

	2008 HK\$'000	2007 HK\$'000
(a) Finance costs		
Interest on bank borrowings wholly repayable within five years	3,470	18,153
Interest on loan from a fellow subsidiary	—	2
Total interest expense on financial liabilities not at fair value through profit or loss	3,470	18,155
Less: Interest expense capitalised into properties under development*	(3,291)	(4,665)
	<u>179</u>	<u>13,490</u>

* The borrowing costs have been capitalised at a rate of 0.99% - 4.47% per annum (2007: at a rate of 3.59 % - 6.41% per annum).

	2008 HK\$'000	2007 HK\$'000
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	30	259
Salaries, wages and other benefits	2,881	13,364
	<u>2,911</u>	<u>13,623</u>

(c) Other items		
Amortisation of land lease premium	12	12
Depreciation of fixed assets	1,136	1,058
Auditors' remuneration		
– audit services	463	629
– tax services	49	39
– other services	67	402
Operating lease charges: minimum lease payments		
– hire of plant and machinery	9	9
– hire of other assets (including property rentals)	2,631	2,634
Impairment loss for bad and doubtful debts		
– trade debtors	—	97
Share of an associate's taxation	—	6,737
Rentals received and receivable from investment and other properties less direct outgoings of HK\$1,149,000 (2007: HK\$3,738,000)	(463)	(9,717)
Cost of inventories	<u>41,638</u>	<u>12,505</u>

6. INCOME TAX

Taxation in the consolidated income statement represents:

	2008 HK\$'000	2007 HK\$'000
Current tax – Hong Kong Profits Tax		
Under-provision in respect of prior years	–	(8)
Current tax – Singapore Income Tax		
Provision for the year	(287)	–
Deferred tax		
Origination and reversal of temporary differences	5,767	(1,013)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	25	–
	<u>5,505</u>	<u>(1,021)</u>
Income tax credit/(expense)	<u>5,505</u>	<u>(1,021)</u>

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. This decrease is taken into account in the preparation of the Group's and the Company's 2008 financial statements. However, no provision for Hong Kong Profits Tax for the years ended 31 December 2008 and 2007 has been made as the Group has no estimated assessable profits arising in Hong Kong for the year.

The provision for Singapore Income Tax for 2008 is calculated at 18% (2007: 18%) of the normal chargeable income.

7. DIVIDEND

	2008 HK\$'000	2007 HK\$'000
Distribution in specie (<i>note</i>)	–	1,731,047

Note:

Pursuant to the group reorganization (the "Group Reorganization") as detailed in note 13 below, the Company distributed all of the ordinary shares of HK\$0.05 each held in the issued share capital of Hong Fok Land International Limited ("HF Land"), a company incorporated in Bermuda with limited liability and a wholly-owned subsidiary of the Company before 1 August 2007, in specie out of its credit arising from the Company's retained profits and contributed surplus to the equity shareholders of the Company whose names appeared on the Register of Members of the Company at the close of business day on 25 July 2007 on a one for one basis.

**Net assets of HF Land and its subsidiaries
(the “HF Land Group”) distributed:**

Fixed assets	1,759,008
Interest in an associate	647,072
Pledged bank deposits	671
Trade and other receivables	7,036
Inventories	12,500
Tax recoverable	73
Cash and cash equivalents	6,996
Trade and other payables	(13,238)
Bank borrowings	(430,700)
Amount due to a subsidiary of the Company	(1,069)
Deferred tax liabilities	(251,790)
Deferred income	(5,512)
Net assets distributed to the equity shareholders of the Company	<u>(1,731,047)</u>

The directors of the Company do not recommend the payment of a final dividend in respect of the year (2007:Nil).

8. EARNINGS/(LOSS) PER SHARE

a) BASIC EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$39,795,000 (2007: loss of HK\$312,270,000) and the weighted average number of 2,392,410,986 (2007: 1,869,671,260) ordinary shares in issue during the year.

b) DILUTED EARNINGS PER SHARE

The diluted earnings per share is not presented because the Company does not have dilutive potential ordinary shares for the year ended 31 December 2008.

No diluted loss per share is presented as the exercise of the Company’s outstanding share options for the year ended 31 December 2007 would result in a decrease in loss per share.

9. 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, and project management.

Horticultural services: the provision for horticultural services.

	Property investment and management		Property construction and development		Horticultural services		Inter-segment elimination		Unallocated		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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	289	13,111	44,740	12,919	3,504	3,309	–	–	–	–	48,533	29,339
Inter-segment revenue	–	420	6,425	20,405	9	6	(6,482)	(20,831)	48	–	–	–
Other revenue from external customers	8	30	39	29	3	5	–	–	82	101	132	165
Total	<u>297</u>	<u>13,561</u>	<u>51,204</u>	<u>33,353</u>	<u>3,516</u>	<u>3,320</u>	<u>(6,482)</u>	<u>(20,831)</u>	<u>130</u>	<u>101</u>	<u>48,665</u>	<u>29,504</u>
Segment result	74,508	20,970	(20,955)	19,954	691	178	(6,482)	(20,831)	(13,314)	(25,190)	34,448	(4,919)
Unallocated operating income and expenses											21	137
Profit/(loss) from operations											34,469	(4,782)
Finance costs											(179)	(13,490)
Share of profit of an associate	–	28,145	–	–	–	–	–	–	–	–	–	28,145
Impairment loss on goodwill	–	–	–	(321,122)	–	–	–	–	–	–	–	(321,122)
Income tax credit/(expense)											5,505	(1,021)
Profit/(loss) for the year											<u>39,795</u>	<u>(312,270)</u>
Depreciation and amortisation for the year	–	96	3	83	65	65						

	Property investment and management		Property construction and development		Horticultural services		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	355,646	273,624	97,571	167,376	973	1,005	454,190	442,005
Unallocated assets							6,659	7,974
Total assets							<u>460,849</u>	<u>449,979</u>
Segment liabilities	128,409	124,911	7,795	40,144	96	221	136,300	165,276
Unallocated liabilities							4,765	4,054
Total liabilities							<u>141,065</u>	<u>169,330</u>
Capital expenditure incurred during the year	6,499	23,055	29	451,508	8	4		

Geographical segments

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

	Hong Kong		Singapore		Total	
	2008	2007	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	3,793	16,557	44,740	12,782	48,533	29,339
Other revenue from external customers	121	153	11	12	132	165
Segment assets	363,433	282,758	97,416	167,221	460,849	449,979
Capital expenditure incurred during the year	<u>8,076</u>	<u>23,276</u>	<u>29</u>	<u>451,508</u>	<u>8,105</u>	<u>474,784</u>

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 balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 1 month	342	366
1 to 3 months	150	139
More than 3 months but less than 12 months	6	1
	<hr/>	<hr/>
	498	506
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER PAYABLES

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 1 month	32	108
After 1 month but within 3 months	37	5
After 3 months but within 6 months	6	20
After 6 months but within 12 months	—	34
Over 1 year	24	144
	<hr/>	<hr/>
	99	311
	<hr/> <hr/>	<hr/> <hr/>

12. CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company								Minority interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Share-based compensation reserve	Exchange reserve	Fair value reserve	Retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007	74,620	196,873	121	618,098	8,911	(102,892)	832	1,087,727	1,884,290	–
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	5,570	–	–	5,570	–
Change in fair value of available-for-sale securities	–	–	–	–	–	–	380	–	380	–
Share of movements in reserves of an associate	–	–	–	–	–	6,171	55	–	6,226	–
Cancellation of share premium	–	(196,873)	–	196,873	–	–	–	–	–	–
Realisation of reserve upon distribution in specie	–	–	–	–	–	103,027	(627)	(102,400)	–	–
Shares issued for acquisition of subsidiaries	45,000	–	–	382,500	–	–	–	–	427,500	–
Cancellation of share options	–	–	–	–	(8,911)	–	–	8,911	–	–
Loss for the year	–	–	–	–	–	–	–	(312,270)	(312,270)	–
Distribution in specie	–	–	–	(1,197,471)	–	–	–	(533,576)	(1,731,047)	–
At 31 December 2007	119,620	–	121	–	–	11,876	640	148,392	280,649	–
Attributable to equity shareholders of the Company										
	Attributable to equity shareholders of the Company								Minority interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Share-based compensation reserve	Exchange reserve	Fair value reserve	Retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	119,620	–	121	–	–	11,876	640	148,392	280,649	–
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(280)	–	–	(280)	–
Change in fair value of available-for-sale securities	–	–	–	–	–	–	(380)	–	(380)	–
Profit for the year	–	–	–	–	–	–	–	39,795	39,795	–
At 31 December 2008	119,620	–	121	–	–	11,596	260	188,187	319,784	–

13. GROUP REORGANIZATION AND ACQUISITION OF SUBSIDIARIES

a) Group reorganization

During the year ended 31 December 2007, the Group underwent a reorganization (the “Group Reorganization”), details of which are set out in the Company’s circular dated 30 June 2007 and which was completed on 1 August 2007. Pursuant to the Group Reorganization, the Company distributed all of the ordinary shares of HK\$0.05 each held by it in the issued share capital of HF Land, a company incorporated in Bermuda with limited liability and which was then a wholly-owned subsidiary of the Company before 1 August 2007, in specie out of its credit arising from the Company’s retained profits and contributed surplus to the equity shareholders of the Company whose names appeared on the Register of Members of the Company at the close of business day on 25 July 2007 on a one for one basis. The assets of HF Land include an approximately 20.2% interest in Hong Fok Corporation Limited (“HFC”).

Subsequent to the Group Reorganization:

- (i) the Company continues to be a listed company and the Group excluding the HF Land Group continues carrying on the businesses which include the Group's property related businesses, including the holding of the redevelopment project at 38 Conduit Road in Hong Kong, and the provision of horticultural services;
- (ii) the HF Land Group continues carrying on the businesses which include the Group's previous holding of the properties at 15 and 17 Magazine Gap Road in Hong Kong, certain properties in the PRC and an approximately 20.2% interest in HFC, the Group's previous associate; and
- (iii) the HF Land's shares were distributed in specie to the Company's shareholders whose names appeared on the Register of Members of the Company at the close of business day on 25 July 2007 on the basis of one HF Land share for each of the Company's shares held.

b) Acquisition of subsidiaries

Pursuant to an agreement entered into with HFC, an associate of the Company at the date of the agreement, during the year ended 31 December 2007 the Group acquired the 100% equity interest in Goldease Investments Limited and its subsidiaries (collectively, the "Goldease Group") from HFC. The consideration was settled partly in cash and partly by the issue of 900 million new ordinary shares of the Company to HFC after which the latter became the ultimate holding company of the Company.

The acquisition of the entire interest in the Goldease Group had the following effect on the Group's assets and liabilities:

	Carrying values prior to acquisition HK\$'000	Fair value adjustments HK\$'000	Carrying values upon acquisition HK\$'000
Acquiree's net assets at the date of acquisition			
Fixed assets	642	–	642
Property held for sale	133,123	31,041	164,164
Trade and other receivables	1,671	–	1,671
Cash and cash equivalents	10,847	–	10,847
Trade and other payables	(3,540)	–	(3,540)
Tax payables	(812)	–	(812)
Amount due to the ultimate holding company	(6)	–	(6)
Deferred tax liabilities	–	(5,588)	(5,588)
Bank borrowings	(37,009)	–	(37,009)
Net assets acquired	104,916	25,453	130,369
	<hr/>	<hr/>	
Goodwill (<i>see note 14</i>)			321,122
			<hr/>
			451,491
			<hr/>
Satisfied by:			
– Cash consideration			23,991
– 900 million new shares of the Company			427,500
			<hr/>
			451,491
			<hr/>

14. GOODWILL

The Group
HK\$'000

Cost:

Additions arising from acquisition of subsidiaries during the year ended 31 December 2007 321,122

Accumulated impairment losses:

Impairment loss for the year ended 31 December 2007 (321,122)

Carrying amount:

At 31 December 2008 —

At 31 December 2007 —

On 1 August 2007, the Group acquired a 100% equity interest in Goldease Group at a consideration of HK\$451,491,000, of which HK\$23,991,000 was settled by cash and the remaining balance was settled by the issue of 900 million new shares of the Company to HFC, which was the controlling shareholder holding an approximately 40.4% interest in the Company before 1 August 2007 and which became the ultimate holding company of the Company on 1 August 2007. Further details of this acquisition are set out in note 13.

Impairment tests for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill arose from the acquisition of the Goldease Group. The Goldease Group's operating business is property development in the Republic of Singapore.

Goodwill acquired has been allocated to the cash generating unit ("CGU") of the Goldease Group. The recoverable amount of the CGU is determined based on net assets' fair value of the Goldease Group. The net assets of the Goldease Group mainly consist of properties, which fair values are determined at their open market value by reference to recent market transactions in comparable properties. Due to the fact that such goodwill arose principally as a result of the unexpected fluctuation in the share price of the Company's shares at the date of acquisition and, by reference to the HKFRS 3 "Business Combinations", the closing per share price of the Company on that day was used as a proxy for the fair price of the Company's 900 million new shares for the purpose of calculating the goodwill arising from the acquisition of the Goldease Group, the net assets' fair value of the Goldease Group is lower than the carrying amount of CGU and accordingly, an impairment loss of HK\$321,122,000 was recognized for the year ended 31 December 2007.

BUSINESS REVIEW AND PROSPECTS

During the year, the Group continues to engage in property related business and provision of horticultural services. The increase in turnover by 65% was mainly contributed by the sale of properties of Goldease Group.

The Group recorded net profit of approximately HK\$39.8 million in the year as a result of the following:

- (i) decrease in net rental income of approximately HK\$9.3 million;
- (ii) increase in valuation gains on investment properties of approximately HK\$61.3 million;
- (iii) decrease in operating expenses of approximately HK\$13.5 million;

- (iv) write-down of properties held for sale, net of tax, of approximately HK\$21.7 million;
- (v) decrease in interest expense of approximately HK\$13.3 million; and
- (vi) decrease in share of profit of an associate of approximately HK\$28.1 million.

In the year ended 31 December 2007, the Group has completed the demolition works of the property at 38 Conduit Road to prepare the land for redevelopment. During the current year, foundation work was completed. The present building plan was also approved by the Building Authority during the current year. In valuing the property as at 31 December 2008, DTZ Debenham Tie Leung Limited, an independent professional property valuer, has made reference to recent market transactions in comparable properties which is the same basis undertaken by the property valuation of 31 December 2007.

Following the distribution of the property holding business at 15 and 17 Magazine Gap Road in 2007, net rental income, operating expenses and interest expenses have decreased. Share of profit of an associate decreased as a result of the distribution of interest in the associate in 2007.

The net asset value of the Group per share as at 31 December 2008 was approximately HK\$0.13 (2007: HK\$0.12) based on the 2,392,410,986 (2007: 2,392,410,986) shares issued.

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Group's latest annual report. The Group's monetary assets and liabilities are denominated and the Group conducted its business transactions principally in Hong Kong dollars or Singapore dollars. The exchange rate risk of the Group is not considered significant, no financial instruments for hedging purpose were employed.

The Group's working capital requirements are met by sales proceeds of properties held for sale and committed undrawn credit facilities. The year-end gearing ratio was 40% (2007: 52%) based on bank loans less cash and bank balances to shareholders' funds including minority interests. The improvement of gearing ratio was mainly due to the valuation gains on investment property. The Group's borrowings are arranged on a floating rate basis. As at 31 December 2008, the outstanding bank loans amounted approximately HK\$130.5 million (2007: HK\$150.8 million). These loan facilities were secured by the Group's properties.

The following is the maturity profile of the Group's bank borrowings as of 31 December 2008:

Within 1 year	0%
After 1 year but within 2 years	98%
After 2 years but within 5 years	2%

The Group will focus its resources on the existing properties. The redevelopment of the investment property at 38 Conduit Road is in progress.

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 2008.

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 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 an average term of 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 or 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 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.

- (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 Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.equitynet.com.hk/winfoong). The annual report will be dispatched to the shareholders and available on the above websites 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, 27 February 2009