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 2010.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*3*	**376,498**	35,667
Cost of sales		**(318,491)**	(30,428)
Gross profit		**58,007**	5,239
Fair value gain on transfer of investment properties to properties under development		–	101,990
Other revenue	*4*	**713**	210
Other net loss	*4*	**(827)**	(1,136)
Reversal of write-down of inventories		–	2,029
Operating and administrative expenses		**(89,806)**	(27,164)
(Loss)/profit from operations		**(31,913)**	81,168
Gain on disposal of subsidiaries	*12*	**12,461**	4,940
Finance costs	*5(a)*	**(44)**	(294)
(Loss)/profit before taxation	*5*	**(19,496)**	85,814
Income tax expense	*6*	–	(144)
(Loss)/profit for the year		**(19,496)**	85,670
Attributable to:			
Equity shareholders of the Company		**(19,496)**	85,670
Non-controlling interests		–	–
(Loss)/profit for the year		**(19,496)**	85,670
Basic and diluted (loss)/earnings per share	*8*	**HK cents (0.74)**	HK cents 3.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 *HK$'000*	2009 *HK$'000*
(Loss)/profit for the year	**(19,496)**	85,670
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments)		
Exchange differences on translating foreign operations (net of nil tax):		
– Exchange differences on translation of financial statements of overseas subsidiaries	**–**	2,681
– Reclassification adjustments relating to foreign operations disposed of during the year	**(9,386)**	(4,891)
	(9,386)	(2,210)
Available-for-sale securities: net movement in the fair value reserve (net of nil tax):		
– Changes in fair value recognised during the year	**270**	–
– Reclassification adjustments for amounts transferred to profit or loss – impairment losses	**830**	70
	1,100	70
	(8,286)	(2,140)
Total comprehensive (loss)/income for the year	**(27,782)**	83,530
Attributable to:		
Equity shareholders of the Company	**(27,782)**	83,530
Non-controlling interests	**–**	–
Total comprehensive (loss)/income for the year	**(27,782)**	83,530

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2010		As at 31 December 2009		As at 1 January 2009	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(restated)		(restated)	
Non-current assets							
Fixed assets							
– Investment property			**350**		320		355,320
– Other property, plant and equipment			**1,858**		2,813		4,116
– Interests in leasehold land held for own use under operating leases			**416**		428		440
			2,624		3,561		359,876
Pledged bank deposits			**–**		7		4
Other financial assets			**5,050**		4,780		1,610
			7,674		8,348		361,490
Current assets							
Inventories		**281,490**		487,398		94,531	
Trade and other receivables	*10*	**24,265**		123,502		2,341	
Tax recoverable		**–**		–		1	
Cash and cash equivalents		**440,259**		25,016		2,486	
		746,014		635,916		99,359	
Assets of disposal group classified as held for sale		**–**		73,433		–	
		746,014		709,349		99,359	
Current liabilities							
Trade and other payables	*11*	**360,968**		150,168		9,937	
Bank borrowings		**441**		146,182		924	
Tax payables		**–**		–		504	
		361,409		296,350		11,365	
Liabilities of disposal group classified as held for sale		**–**		1,286		–	
		361,409		297,636		11,365	
Net current assets			**384,605**		411,713		87,994
Total assets less current liabilities			**392,279**		420,061		449,484
Non-current liabilities							
Bank borrowings			**–**		–		129,617
Deferred tax liabilities			**–**		–		83
			–		–		129,700
NET ASSETS			**392,279**		420,061		319,784
CAPITAL AND RESERVES							
Share capital			**131,582**		131,582		119,620
Reserves			**260,697**		288,479		200,164
Total equity attributable to equity shareholders of the Company			**392,279**		420,061		319,784
Non-controlling interests			**–**		–		–
TOTAL EQUITY			**392,279**		420,061		319,784

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Fair value reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2009	119,620	–	121	11,596	260	188,187	319,784	–	319,784
Profit for the year	–	–	–	–	–	85,670	85,670	–	85,670
Other comprehensive (loss)/income for the year	–	–	–	(2,210)	70	–	(2,140)	–	(2,140)
Total comprehensive income for the year	–	–	–	(2,210)	70	85,670	83,530	–	83,530
Shares issued upon rights issue	11,962	4,785	–	–	–	–	16,747	–	16,747
At 31 December 2009	131,582	4,785	121	9,386	330	273,857	420,061	–	420,061
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 for the year	–	–	–	(9,386)	1,100	(19,496)	(27,782)	–	(27,782)
At 31 December 2010	131,582	4,785	121	–	1,430	254,361	392,279	–	392,279

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 two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations 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:

- HKFRS 3 (revised), *Business Combinations*
- HKAS 27 (revised), *Consolidated and Separate Financial Statements*
- Amendments to HKFRS 5, *Non-Current Assets held for Sale and Discontinued Operations – plan to sell the controlling interest in a subsidiary*
- Amendment to HKAS 39, *Financial Instruments: Recognition and Measurement – eligible hedged items*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of Non-cash Assets to Owners*
- HK-lnt 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

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

HKFRS 3 (revised), HKAS 27 (revised), Amendments to HKFRS 5 and HKAS 39, Improvements to HKFRSs (2009) and HK(IFRIC) 17 have had no material impact on the Group's financial statements.

Hong Kong Interpretation 5 ("HK-Int 5"), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

In order to comply with the requirements of HK-Int 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to comparatives for the year ended 31 December 2009. The reclassification has had no effect on consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the Company's statement of financial position for any period presented.

Effect of adoption of Hong Kong Interpretation 5 on the consolidated statement of financial position

	At 31 December 2010	At 31 December 2009	At 1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in:			
Current liabilities			
Bank borrowings	–	441	689
Non-current liabilities			
Bank borrowings	–	(441)	(689)

3. TURNOVER

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

Turnover represents 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:

	2010	2009
	HK$'000	*HK$'000*
Gross rentals from the Group's properties	**–**	2,303
Gross proceeds from properties sold	**373,150**	29,850
Revenue from provision of property management services	**229**	287
Revenue from provision of horticultural services	**3,119**	3,227
	376,498	35,667

4. OTHER REVENUE AND NET LOSS

	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Interest income		
– banks	**231**	95
– others	**12**	1
Total interest income on financial assets not at fair value through profit or loss	**243**	96
Others	**470**	114
	713	210
Other net loss		
Loss on disposal of fixed assets	**(5)**	(10)
Valuation gain on investment property	**30**	–
Revaluation losses on buildings	**(22)**	(70)
Available-for-sale securities: reclassified from equity – on impairment	**(830)**	(70)
Net foreign exchange loss	**–**	(986)
	(827)	(1,136)

5. (LOSS)/PROFIT BEFORE TAXATION

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

	2010	2009
	HK$'000	*HK$'000*
(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	**751**	1,506
Less: Interest expense capitalised into properties under development*	**(707)**	(1,212)
	44	294

* The borrowing costs have been capitalised at a rate of 0.86% - 1.15% per annum (2009: at a rate of 0.84% - 1.18% per annum).

	2010	2009
	HK$'000	*HK$'000*
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	**59**	69
Salaries, wages and other benefits	**4,197**	3,622
	4,256	3,691

	2010	2009
	HK$'000	*HK$'000*
(c) Other items		
Amortisation of land lease premium	**12**	12
Depreciation of property, plant and equipment	**1,059**	1,115
Auditors' remuneration		
– audit services	**480**	445
– tax services	**–**	57
– other services	**77**	595
Operating lease charges: minimum lease payments		
– hire of plant and machinery	**6**	9
– hire of other assets (including property rentals)	**2,827**	2,747
Rentals receivable from the Group's properties less direct outgoings of HK$Nil (2009: HK$1,044,000)	**–**	(1,259)
Expenses incurred for the settlement arrangements in respect of certain sale transactions#	**56,547**	–
Cost of inventories	**300,734**	28,923

\# 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

Taxation in the consolidated income statement represents:

	2010	2009
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – Singapore Income Tax		
Provision for the year	**–**	(379)
Over-provision in respect of prior years	**–**	153
Deferred tax		
Origination and reversal of temporary differences	**–**	82
Income tax expense	**–**	(144)

No provision for Hong Kong Profits Tax has been made as the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits arising in Hong Kong for the year (2009: Nil).

No provision for Singapore Income Tax for the year ended 31 December 2010 has been made as the Group has no estimated assessable profit arising in Singapore for the year.

The provision for Singapore Income Tax in 2009 is calculated at 17% of the normal chargeable income.

7. DIVIDEND

The directors of the Company do not recommend the payment of a final dividend in respect of the year (2009:Nil).

8. (LOSS)/EARNINGS PER SHARE

a) BASIC (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$19,496,000 (2009: profit of HK$85,670,000) and the weighted average number of approximately 2,631,652,000 (2009: 2,544,831,000) ordinary shares in issue during the year.

In December 2009, the Company completed a rights issue. The effect of the bonus element included within the rights issue has been included within the calculation of basic earnings per share for the year ended 31 December 2009. The effect of the rights issue was to increase the weighted average number of ordinary shares by approximately 152,420,000.

b) DILUTED (LOSS)/EARNINGS PER SHARE

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company does not have dilutive potential ordinary shares for the years ended 31 December 2010 and 2009.

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 identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property investment and management: this segment leases the Group's properties to generate rental income and to gain from the appreciation in the properties' value in the long term, and provides building management services. Currently the Group's investment property portfolio is located entirely in Hong Kong.

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.

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 the 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 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 investment and management		Property development – Hong Kong		Property development – Singapore		Horticultural services		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**228**	287	**373,150**	–	**–**	32,153	**3,120**	3,227	**376,498**	35,667
Inter-segment revenue	**–**	–	**–**	11,445	**–**	–	**969**	–	**969**	11,445
Reportable segment revenue	**228**	287	**373,150**	11,445	**–**	32,153	**4,089**	3,227	**377,467**	47,112
Reportable segment (loss)/profit (adjusted EBITDA)	**131**	101,252	**(10,830)**	(1,377)	**12,461**	3,956	**432**	770	**2,194**	104,601
Interest income	**–**	22	**140**	72	**–**	1	**–**	–	**140**	95
Interest expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Depreciation and amortisation for the year	**(1)**	–	**(3)**	(2)	**–**	(77)	**(64)**	(65)	**(68)**	(144)
Valuation gain on investment property	**30**	–	**–**	–	**–**	–	**–**	–	**30**	–
Fair value gain on transfer of investment properties to properties under development	**–**	101,990	**–**	–	**–**	–	**–**	–	**–**	101,990
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	**–**	–	**–**	–	**–**	(144)	**–**	–	**–**	(144)
Reportable segment assets	**561**	399	**340,982**	608,517	**–**	73,433	**871**	855	**342,414**	683,204
Additions to non-current segment assets during the year	**83**	7,010	**–**	–	**–**	53	**2**	–	**85**	7,063
Reportable segment liabilities	**111**	78	**352,846**	281,582	**–**	856	**263**	164	**353,220**	282,680

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

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**377,467**	47,112
Elimination of inter-segment revenue	**(969)**	(11,445)
Consolidated turnover	**376,498**	35,667
Profit		
Reportable segment profit	**2,194**	104,601
Elimination of inter-segment profit	**(39)**	(1,630)
Reportable segment profit derived from Group's external customers	**2,155**	102,971
Other revenue and net loss	**(144)**	(926)
Gain on disposal of subsidiaries	**–**	4,940
Depreciation and amortisation	**(1,071)**	(1,127)
Finance costs	**(44)**	(294)
Unallocated corporate expenses	**(20,392)**	(19,750)
Consolidated (loss)/profit before taxation	**(19,496)**	85,814
Assets		
Reportable segment assets	**342,414**	683,204
Elimination of inter-segment receivables	**–**	–
	342,414	683,204
Other financial assets	**5,050**	4,780
Unallocated corporate assets	**406,224**	29,713
Consolidated total assets	**753,688**	717,697
Liabilities		
Reportable segment liabilities	**353,220**	282,680
Elimination of inter-segment payables	**–**	–
	353,220	282,680
Current tax liabilities	**–**	430
Unallocated corporate liabilities	**8,189**	14,526
Consolidated total liabilities	**361,409**	297,636

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:

	2010	2009
	HK$'000	*HK$'000*
Within 1 month	**436**	381
1 to 3 months	**107**	118
More than 3 months but less than 12 months	**1**	12
	544	511

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:

	2010	2009
	HK$'000	*HK$'000*
Within 1 month	**22,909**	5,433
After 1 month but within 3 months	**8**	43
After 3 months but within 6 months	**–**	38
Over 6 months	**2,720**	2,436
	25,637	7,950

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. In the opinion of the Company's directors, 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)
	(62,305)
Amount due from Goldease Group	114,078
Release of exchange reserve	(9,386)
	42,387
Gain on disposal	12,461
Total consideration, net of expenses	54,848
Net cash inflow arising on disposal:	
Net cash consideration	54,848
Bank balances and cash disposed of	(3,593)
	51,255

13. CONTINGENT ASSETS AND LIABILITIES

a) Financial guarantees issued

As at 31 December 2010, 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 (2009: HK$268,000). The extent of such facilities utilized by third parties at the end of the reporting period amounted to approximately HK$59,000 (2009: HK$185,000).

As at 31 December 2009, the Company had given unconditional guarantees to banks to secure loan facilities made available to certain wholly-owned subsidiaries to the extent of approximately HK$284 million. The extent of such facilities utilized by these subsidiaries at that date amounted to approximately HK$145 million. No such guarantees existed at 31 December 2010.

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 do not consider it probable that a claim will be made against the Company under any of the guarantees.

b) Contingent liability in respect of a claim

As at 31 December 2010, a subsidiary of the Company was involved in a dispute in connection with the contract for the foundation work on the redevelopment of residential properties in Hong Kong. As claimed by the contractor, the total expected additional construction costs may amount to approximately HK$16.19 million (2009: HK$16.19 million). The Company is of the view that the claim is based on unreasonable and invalid grounds and therefore unfounded. The directors are of the view that this claim will not have a material adverse impact on the financial position of the Group. No provision has therefore been made in respect of this claim.

Except for the aforesaid, the Group and the Company did not have any material contingent liabilities as at 31 December 2010 and 2009.

BUSINESS REVIEW AND PROSPECTS

The Group has completed the disposal of the Group's entire equity interest in the Goldease Group and the amount owed by the Goldease Group to the Group to HFC for a cash consideration of approximately HK$56.4 million in January 2010. A gain of approximately HK$12.5 million was resulted from the disposal. The proceeds have been applied to repay a revolving loan of the Group.

During the year, the Group continued to engage in property related business and provision of horticultural services. The increase in turnover was mainly due to the revenue from the sale of the Group's development properties at 38 Conduit Road (the "Development") recognised in the year.

The Development was completed in November 2010. As at 31 December 2010, the Group has received balance payments of approximately HK$501.8 million from the sale of units of the Development. The balance payments received were applied in the repayment of bank borrowings and together with the stakeholders' monies released were held as bank deposits. Revenue from the sale of properties of approximately HK$373.2 million was recognized in the current year. Gross profits contributed by the sale of these properties was approximately HK55.2 million. In relation to the sales of certain units, there were issues arisen between the purchasers of these units and the Group. The Group has in January 2011 offered arrangements to the affected purchasers to address the issues. In connection with the arrangements, the Group has to pay an amount of approximately HK$279.4 million, out of which approximately HK$252.6 million has come from the purchase monies previously received by the Group from the initial sales of the affected units. The expenses incurred for the settlement arrangements have been charged to the profit or loss for the year ended 31 December 2010. The Group's net loss for the year of approximately HK$19.5 million was mainly attributable to these expenses.

The Company remains confident in the Hong Kong property market, the prestigious location and the superior quality of the Development, 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 2010 was approximately HK$0.15 (2009: HK$0.16) based on the 2,631,652,084 (2009: 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.

The Group's working capital requirements are funded by bank deposits. The Group's banking facilities which were denominated in Hong Kong dollars and arranged on a floating rate basis were significantly repaid upon the completion of the sale of certain units of the Development.

As at 31 December 2010, the outstanding bank loan amounted approximately HK$0.4 million (2009: HK$146 million). This loan facility was unsecured. The Company has provided a guarantee to a bank for issuing a letter of indemnity to a third party to the extent of approximately HK$134,000 (2009: HK$268,000).

The following is the maturity profile of the Group's bank borrowings as at 31 December 2010:

Within 1 year	100%

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 2010.

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 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 Stock Exchange's website (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, 17 March 2011

As at the date of this statement, the Board comprises (i) three executive directors, namely Messrs. Cheong Pin Chuan, Patrick, Cheong Kim Pong and Cheong Sim Eng and; (ii) one non-executive director namely Mdm. Lim Ghee; and (iii) four independent non-executive directors, namely Messrs. Lai Hing Chiu, Dominic, Kan Fook Yee, Chan Yee Hoi, Robert and Leung Wing Ning.

* *For identification purpose only*