



WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

PROFIT WARNING

This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Listing Rules to provide the Shareholders and the public with financial information of the Company.

The Board wishes to inform the Shareholders and investors of the Company that, based on a preliminary estimate of the Company, the consolidated results of the Company for the year ended 31 December 2007 to be presented in accordance with the HKFRSs in the consolidated financial statements of the Company for the year ended 31 December 2007 are expected to record a significant net loss due to an impairment loss on the entire goodwill arising as a result of the Acquisition and a significant decrease of share of profit of an associate as a result of the Group Reorganisation.

The information contained in this announcement is only a preliminary estimate of the Company. The 2007 Annual Results have not yet been finalized as at the date of this announcement. The Company will announce its 2007 Annual Results on or around 29 February 2008. Detailed financial information of the Company will be disclosed in the 2007 Annual Results.

Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.

This announcement is made by Winfoong International Limited (the “Company”) pursuant to the requirements of Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to provide shareholders of the Company and the public with financial information of the Company.

Reference is made to the announcement dated 25 May 2007 and circular (the “Circular”) dated 30 June 2007 of the Company in relation to, among other things, (i) the acquisition of the entire equity interest in Goldease; and (ii) Group Reorganisation. Capitalised terms used in this announcement shall have the same meanings as defined in the Circular unless the context herein requires otherwise.

Pursuant to the Agreement, the Consideration for the Acquisition shall be satisfied by cash of S\$4,681,146 (equivalent to approximately HK\$24,000,000) payable by the Purchaser to the Vendor and the remaining S\$17,560,976 (equivalent to approximately HK\$90,000,000) by allotment and issue to the Vendor of 900,000,000 Consideration Shares by the Company at HK\$0.1 per Share. The Acquisition was completed and the new Shares have been listed on the Stock Exchange since 1 August 2007.

Pursuant to the Group Reorganisation, among other things, the Company distributed all the issued share capital of HF Land to the Shareholders whose name appeared on the register of members of the Company at the close of business on 25 July 2007. The Group Reorganisation was completed on 1 August 2007.

The Board wishes to inform the Shareholders and investors of the Company that, based on a preliminary estimate of the Company, the consolidated results of the Company for the year ended 31 December 2007 to be presented in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”) in the consolidated financial statements of the Company for the year ended 31 December 2007 (the “2007 Annual Results”) are expected to record a significant net loss due to an impairment loss on the entire goodwill arising as a result of the Acquisition and a significant decrease of share of profit of an associate as a result of the Group Reorganisation.

IMPAIRMENT LOSS ON GOODWILL

Under the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, the cost of a business combination shall be measured at the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer. Therefore, by reference to the HKFRSs, the closing price per Share on the first day of dealing of the Consideration Shares is used as a proxy for the fair value of the Consideration on 1 August 2007, being the date of the Completion. As the closing price of Shares on 1 August 2007 was HK\$0.475 per Share, goodwill of approximately HK\$321.1 million was recognised as a result of the Acquisition, calculated based on the fair value of the Consideration and the fair value of the identifiable assets and liabilities of Goldease Group. On the date of Completion, the fair value of the Consideration Shares was approximately HK\$427.5 million, of which HK\$45.0 million was credited to share capital of the Company and the remaining balance of approximately HK\$382.5 was credited to the contributed surplus account of the Company.

Under HKFRSs, for the purposes of annual impairment review of intangible assets that has indefinite useful lives, such goodwill arisen from the Acquisition has been allocated to the cash generating unit (the “CGU”) of the Goldease Group. Pursuant to the preliminary impairment review, the fair value of the net assets of Goldease Group was lower than the carrying amount of the CGU and accordingly, an impairment loss was considered necessary. However, the Board wishes to state that the recognition of the aforesaid contributed surplus and the impairment loss as a whole would not have material impact on the net assets value of the Group. In addition, as such goodwill is a one-off non-cash item, the daily operation and working capital of the Group are not materially and adversely affected by such impairment loss.

DECREASE OF SHARE OF PROFIT OF ASSOCIATE

Prior to the Group Reorganisation, the Company held 20.2% effective interest of Hong Fok Corporation Limited (the “HFC”), which is a Singapore listed company and the controlling Shareholder of the Company. Such interest in HFC is accounted for in the consolidated financial statements of the Company using the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of HFC’s net assets.

After the completion of the Group Reorganisation, the Company ceased to hold any interest of HFC and hence, only seven months financial results of HFC were accounted for under the equity method in the financial statements of the Company for the year ended 31 December 2007. As a result, the share of profit of HFC decreased significantly compared with that of last year.

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BY ORDER OF THE BOARD
WINFOONG INTERNATIONAL LIMITED
Cheong Pin Chuan, Patrick
Director

Hong Kong, 27 February 2008

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