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WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock code: 63)

2012 INTERIM RESULTS ANNOUNCEMENT SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the “Board”) of Winfoong International Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Unaudited six months ended 30 June	
	Note	2012 HK\$'000	2011 HK\$'000
Turnover	3	2,489	32,108
Cost of sales		(520)	(24,055)
Gross profit		1,969	8,053
Other revenue		1,244	396
Other net loss		(3)	—
Operating and administrative expenses		(17,194)	(16,470)
Loss from operating activities		(13,984)	(8,021)
Finance costs	4	(3)	(10)
Loss before taxation	5	(13,987)	(8,031)
Income tax expense	6	—	—
Loss for the period		<u>(13,987)</u>	<u>(8,031)</u>
Attributable to:			
Equity shareholders of the Company		(13,987)	(8,031)
Non-controlling interests		—	—
		<u>(13,987)</u>	<u>(8,031)</u>
Basic and diluted loss per share	7	<u>HK cents (0.53)</u>	<u>HK cents (0.31)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	<i>Note</i>	Unaudited six months ended 30 June	
		2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the period		(13,987)	(8,031)
Other comprehensive (expense)/income for the period (after tax and reclassification adjustments):			
Available-for-sale securities:			
net movement in fair value reserve (net of nil tax)			
– changes in fair value recognised during the period		(3,630)	–
Total comprehensive expense for the period		(17,617)	(8,031)
<i>Attributable to:</i>			
Equity shareholders of the Company		(17,617)	(8,031)
Non-controlling interests		–	–
Total comprehensive expense for the period		(17,617)	(8,031)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

		Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
	<i>Note</i>		
Non-current assets			
Fixed assets		1,627	1,702
Other financial assets		3,320	6,950
		<u>4,947</u>	<u>8,652</u>
Current assets			
Inventories		251,939	249,857
Trade and other receivables	9	17,863	17,334
Cash and cash equivalents		103,077	121,205
		<u>372,879</u>	<u>388,396</u>
Current liabilities			
Trade and other payables	10	23,743	25,213
Bank borrowing, unsecured		46	181
		<u>23,789</u>	<u>25,394</u>
Net current assets		<u>349,090</u>	<u>363,002</u>
NET ASSETS		<u>354,037</u>	<u>371,654</u>
Capital and reserves			
Share capital		131,582	131,582
Reserves		<u>222,455</u>	<u>240,072</u>
Total equity attributable to equity shareholders of the Company		354,037	371,654
Non-controlling interests		<u>—</u>	<u>—</u>
TOTAL EQUITY		<u>354,037</u>	<u>371,654</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements are unaudited, but have been reviewed by the Company's audit committee. The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

The preparation of interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim condensed consolidated financial statements contain condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2011 that is included in the interim condensed consolidated financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available from the Company's principal office in Hong Kong. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 February 2012.

2. CHANGES IN ACCOUNTING POLICIES

The following new HKFRSs are mandatory for the first time for the financial year beginning 1 January 2012, but have no material effect on the Group's results and financial position for the current and prior periods.

– HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
– HKFRS 7 (Amendment)	Disclosures – Transfer of financial assets
– HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets

The Group has not adopted any new HKFRSs that are not yet effective for the current accounting period.

3. SEGMENT REPORTING

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

- Property development: this segment develops and sells the Group’s residential properties. Currently the Group’s activities in this regard are carried out in Hong Kong.
- Horticultural services: this segment provides horticultural services. Currently the Group’s activities in this regard are carried out in Hong Kong.
- Property management and other related business: this segment mainly provides building management services. Currently the Group’s activities in this regard are carried out in Hong Kong.

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

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

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

The measure used for reporting segment profit is “adjusted EBITDA” i.e. “adjusted earnings before interest, taxes, depreciation and amortisation”, where “interest” is regarded as including investment income and “depreciation and amortisation” is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as directors’ and auditors’ remuneration and 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 to the Company's executive directors for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2012 and 2011 is set out below.

For the six months ended (Unaudited)	Property development		Horticultural services		Property management and other related business		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	–	30,043	2,291	1,829	198	236	2,489	32,108
Inter-segment revenue	–	–	29	29	–	–	29	29
Reportable segment revenue	<u>–</u>	<u>30,043</u>	<u>2,320</u>	<u>1,858</u>	<u>198</u>	<u>236</u>	<u>2,518</u>	<u>32,137</u>
Reportable segment profit/(loss) (adjusted EBITDA)	<u>(11,513)</u>	<u>1,131</u>	<u>322</u>	<u>243</u>	<u>187</u>	<u>170</u>	<u>(11,004)</u>	<u>1,544</u>
Interest income	5	213	–	–	–	–	5	213
Interest expense	–	–	–	–	–	–	–	–
Depreciation and amortisation for the year	–	(1)	(2)	(32)	(9)	(9)	(11)	(42)
Income tax expense	–	–	–	–	–	–	–	–
	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Reportable segment assets	266,593	264,130	736	1,097	452	359	267,781	265,586
Additions to non-current segment assets during the period	–	–	–	13	–	–	–	13
Reportable segment liabilities	<u>21,581</u>	<u>23,870</u>	<u>404</u>	<u>334</u>	<u>32</u>	<u>24</u>	<u>22,017</u>	<u>24,228</u>

For the period ended 30 June 2012, revenue of approximately HK\$776,000 is derived from an external customer who contributed over 10% of total revenue of the Group. This revenue is attributable to the horticultural services segment.

For the period ended 30 June 2011, revenues of approximately HK\$10,447,000, HK\$10,281,000 and HK\$9,315,000 are derived from three single external customers respectively, each of them contributed over 10% of total revenue of the Group. These revenues are attributable to the property development segment.

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Unaudited six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	2,518	32,137
Elimination of inter-segment revenue	(29)	(29)
Consolidated turnover	2,489	32,108
Profit		
Reportable segment (loss)/profit	(11,004)	1,544
Elimination of inter-segment profit	(29)	(29)
Reportable segment (loss)/profit derived from Group's external customers	(11,033)	1,515
Other revenue and net loss	1,241	396
Depreciation and amortisation	(230)	(538)
Finance costs	(3)	(10)
Unallocated corporate expenses	(3,962)	(9,394)
Consolidated loss before taxation	(13,987)	(8,031)
	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Assets		
Reportable segment assets	267,781	265,586
Elimination of inter-segment receivables	—	—
Other financial assets	3,320	6,950
Unallocated corporate assets		
– cash and cash equivalent	102,678	121,088
– other assets	4,047	3,424
Consolidated total assets	377,826	397,048
Liabilities		
Reportable segment liabilities	22,017	24,228
Elimination of inter-segment payables	—	—
Unallocated corporate liabilities	1,772	1,166
Consolidated total liabilities	23,789	25,394

4. FINANCE COSTS

Unaudited six months ended 30 June

2012	2011
HK\$'000	HK\$'000

Interest on bank borrowings	3	10
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5. LOSS BEFORE TAXATION

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

Unaudited six months ended 30 June

2012	2011
HK\$'000	HK\$'000

Depreciation and amortisation	230	538
Cost of inventories	520	24,055
Loss on disposal of fixed assets	3	—
Interest income	(252)	(354)

6. INCOME TAX

No Hong Kong Profits Tax for the six months ended 30 June 2012 and 2011 has been provided for as the Group has no estimated assessable profits arising in Hong Kong.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of HK\$13,987,000 (2011: HK\$8,031,000) for the period and the weighted average number of approximately 2,631,652,000 (2011: 2,631,652,000) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as the Company does not have dilutive potential ordinary shares for the six months ended 30 June 2012 and 2011.

8. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (2011: Nil).

9. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Trade receivables		
Within 1 month	247	478
1 to 3 months	150	151
More than 3 months but less than 12 months	12	5
	<u>409</u>	<u>634</u>
Receivables for monies held by the solicitor in accordance with the relevant property sale agreements	13,959	13,954
Amount due from a related company	529	11
Other debtors	450	577
	<u>15,347</u>	<u>15,176</u>
Loans and receivables	15,347	15,176
Rental and other deposits	1,924	1,401
Prepayments	592	757
	<u>17,863</u>	<u>17,334</u>

The Group's trade receivables are due within 30 days from the date of billing.

10. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Trade payables		
Within 1 month	263	7
After 1 month but within 3 months	16	–
After 3 months but within 6 months	86	–
Over 6 months	11,682	11,695
	<u>12,047</u>	<u>11,702</u>
Retentions payable	2,474	2,474
Rental and other deposits	140	–
Other creditors and accrued charges	9,082	11,037
	<u>23,743</u>	<u>25,213</u>
Financial liabilities measured at amortised cost	<u>23,743</u>	<u>25,213</u>

11. CONTINGENT LIABILITY IN RESPECT OF CLAIMS

At 30 June 2012, a subsidiary of the Company was involved in the disputes in connection with the sales of certain completed properties. The directors of the Company are of the view that such disputes are based on unreasonable and invalid grounds and are unfounded. In the circumstances, the directors of the Company believe that the disputes will not have a material adverse impact on the financial position of the Group. Accordingly, no specific provision has been made in respect of these disputes.

BUSINESS REVIEW

During the period, the Group continued to engage in property related businesses and the provision of horticultural services. The Group's turnover in the period was mainly derived from horticultural services. No sale of properties was transacted in the period.

Without the contribution of any gross profit from the property development segment, the Group recorded loss for the period of approximately HK\$14 million.

The Company remains confident in the Hong Kong property market, the prestigious location and the superior quality of the Group's development properties.

The net asset value of the Company per share as at 30 June 2012 was approximately HK\$0.13 (31 December 2011: HK\$0.14) based on the 2,631,652,084 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 Company's latest annual report. The Group's monetary assets and liabilities are denominated and the Group conducts its business transactions principally in Hong Kong dollars. The exchange rate risk of the Group is not considered significant, no financial instruments for hedging purpose are employed.

As at 30 June 2012, the outstanding bank loan amounted approximately HK\$0.05 million (31 December 2011: HK\$0.18 million). This bank facility was denominated in Hong Kong dollars and arranged on a floating rate basis. The end of period gearing ratio was 0% (31 December 2011: 0%) based on bank borrowing to total equity. The Group's working capital requirements are funded by bank deposits.

The following is the maturity profile for the Group's bank borrowing as of 30 June 2012:

Within 1 year	100%
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PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules with the following deviation:

Under Code A.2.1, the roles of chairman and chief executive 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 (“CE”)/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 CE if the situation warrants it.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference. At present, members of the Audit Committee comprise three independent non-executive directors, namely Messrs. Chan Yee Hoi, Robert, Leung Wing Ning and Kwik Sam Aik. Mr. Chan Yee Hoi, Robert is the chairman of the Audit Committee. During the period, two meetings of the Audit Committee have been held. The Audit Committee has reviewed the effectiveness of both the external audit and internal control and also the risk evaluation. The unaudited financial statements of the Company for the period have been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 14 August 2012

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

* For identification purposes only