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WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock code: 63)

2013 INTERIM RESULTS ANNOUNCEMENT SIX MONTHS ENDED 30 JUNE 2013

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 2013 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

| | | Unaudited six months ended 30 June | |
|---------------------------------------|------|---------------------------------------|------------------------|
| | Note | 2013 HK\$'000 | 2012 HK\$'000 |
| Turnover | 3 | 2,529 | 2,489 |
| Cost of sales | | (489) | (520) |
| Gross profit | | 2,040 | 1,969 |
| Net loss on trading securities | | (44) | — |
| Other revenue | | 2,536 | 1,244 |
| Other net gain/(loss) | | 54 | (3) |
| Operating and administrative expenses | | (17,113) | (17,194) |
| Loss from operating activities | | (12,527) | (13,984) |
| Finance costs | 4 | — | (3) |
| Loss before taxation | 5 | (12,527) | (13,987) |
| Income tax expense | 6 | — | — |
| Loss for the period | | <u>(12,527)</u> | <u>(13,987)</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | (12,527) | (13,987) |
| Non-controlling interests | | — | — |
| | | <u>(12,527)</u> | <u>(13,987)</u> |
| Basic and diluted loss per share | 7 | <u>HK cents (0.48)</u> | <u>HK cents (0.53)</u> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2013*

| | <i>Note</i> | Unaudited six months ended 30 June | |
|--|-------------|---|------------------------|
| | | 2013 | 2012 |
| | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Loss for the period | | (12,527) | (13,987) |
| Other comprehensive (loss)/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 loss for the period | | <u>(12,527)</u> | <u>(17,617)</u> |
| <i>Attributable to:</i> | | | |
| Equity shareholders of the Company | | (12,527) | (17,617) |
| Non-controlling interests | | – | – |
| Total comprehensive loss for the period | | <u>(12,527)</u> | <u>(17,617)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

| | | Unaudited 30 June 2013 HK\$'000 | Audited 31 December 2012 HK\$'000 |
|--|------|--|--|
| | Note | | |
| Non-current assets | | | |
| Fixed assets | | 1,208 | 1,383 |
| Other financial assets | | 1,370 | 1,370 |
| | | <u>2,578</u> | <u>2,753</u> |
| Current assets | | | |
| Trading securities | | 479 | 523 |
| Inventories | | 251,268 | 251,134 |
| Trade and other receivables | 9 | 18,629 | 18,699 |
| Cash and cash equivalents | | 73,184 | 87,028 |
| | | <u>343,560</u> | <u>357,384</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 19,252 | 20,724 |
| | | <u>19,252</u> | <u>20,724</u> |
| Net current assets | | <u>324,308</u> | <u>336,660</u> |
| NET ASSETS | | <u><u>326,886</u></u> | <u><u>339,413</u></u> |
| Capital and reserves | | | |
| Share capital | | 131,582 | 131,582 |
| Reserves | | 195,304 | 207,831 |
| | | <u>131,582</u> | <u>207,831</u> |
| Total equity attributable to equity shareholders of the Company | | 326,886 | 339,413 |
| Non-controlling interests | | — | — |
| | | <u>—</u> | <u>—</u> |
| TOTAL EQUITY | | <u><u>326,886</u></u> | <u><u>339,413</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 ("HKICPA").

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets and trading securities which are stated at fair values.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2012 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 2012 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 2012 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 2012 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 2013.

2. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA:

| | |
|---|--|
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2009 – 2011 Cycle |
| HKFRS 7 (Amendments) | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance |
| HKAS 1 (Amendments) | Presentation of Items of Other Comprehensive Income |
| HKAS 19 (Revised in 2011) | Employee Benefits |
| HKAS 28 (Revised in 2011) | Investments in Associates and Joint Ventures |
| HK(IFRIC) – INT 20 | Stripping Costs in the Production Phase of a Surface Mine |

The following new and revised HKFRSs are relevant to the Group's condensed consolidated financial statements.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim condensed consolidated financial statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. The Group has provided these disclosures in note 11. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The application of other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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 four 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.
- Securities trading: this segment engages in the trading of securities for short-term investment purposes. The operations of securities trading were introduced to the Group during the year ended 31 December 2012. 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 available-for-sale financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals 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 other 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 six months ended 30 June 2013 and 2012 is set out below.

| For the six months ended 30 June (Unaudited) | Property development | | Horticultural services | | Property management and other related business | | Securities trading | | Total | |
|---|-------------------------|--------------------|---------------------------|--------------------|---|--------------------|--------------------|--------------------|------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | | | | | | | | | |
| Revenue from external customers | – | – | 2,332 | 2,291 | 197 | 198 | – | – | 2,529 | 2,489 |
| Inter-segment revenue | – | – | 2 | 29 | 49 | – | – | – | 51 | 29 |
| Reportable segment revenue | <u>–</u> | <u>–</u> | <u>2,334</u> | <u>2,320</u> | <u>246</u> | <u>198</u> | <u>–</u> | <u>–</u> | <u>2,580</u> | <u>2,518</u> |
| Reportable segment profit/(loss) (adjusted EBITDA) | <u>(9,862)</u> | <u>(11,513)</u> | <u>288</u> | <u>322</u> | <u>239</u> | <u>187</u> | <u>(44)</u> | <u>–</u> | <u>(9,379)</u> | <u>(11,004)</u> |
| Interest income | 8 | 5 | – | – | – | – | – | – | 8 | 5 |
| Interest expense | – | – | – | – | – | – | – | – | – | – |
| Depreciation and amortisation | – | – | (2) | (2) | (8) | (9) | – | – | (10) | (11) |
| Income tax expense | – | – | – | – | – | – | – | – | – | – |
| | Unaudited | Audited | Unaudited | Audited | Unaudited | Audited | Unaudited | Audited | Unaudited | Audited |
| | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Reportable segment assets | 266,810 | 266,041 | 916 | 988 | 685 | 584 | 479 | 523 | 268,890 | 268,136 |
| Additions to non-current segment assets during the six months | – | – | – | – | – | – | – | – | – | – |
| Reportable segment liabilities | <u>17,522</u> | <u>19,128</u> | <u>231</u> | <u>360</u> | <u>18</u> | <u>18</u> | <u>18</u> | <u>27</u> | <u>17,789</u> | <u>19,533</u> |

For the six months ended 30 June 2013, revenue of approximately HK\$670,000 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 six months 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.

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

| | Unaudited six months ended 30 June | |
|---|--|--|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Revenue | | |
| Reportable segment revenue | 2,580 | 2,518 |
| Elimination of inter-segment revenue | (51) | (29) |
| Consolidated turnover | 2,529 | 2,489 |
| Profit | | |
| Reportable segment loss | (9,379) | (11,004) |
| Elimination of inter-segment profit | (51) | (29) |
| Reportable segment loss derived from Group's external customers | (9,430) | (11,033) |
| Other revenue and net loss | 1,466 | 1,241 |
| Depreciation and amortisation | (178) | (230) |
| Finance costs | – | (3) |
| Unallocated corporate expenses | (4,385) | (3,962) |
| Consolidated loss before taxation | (12,527) | (13,987) |
| | Unaudited 30 June 2013 HK\$'000 | Audited 31 December 2012 HK\$'000 |
| Assets | | |
| Reportable segment assets | 268,890 | 268,136 |
| Elimination of inter-segment receivables | – | – |
| Available-for-sale financial assets | 1,370 | 1,370 |
| Unallocated corporate assets | | |
| – cash and cash equivalent | 72,057 | 86,465 |
| – other assets | 3,821 | 4,166 |
| Consolidated total assets | 346,138 | 360,137 |
| Liabilities | | |
| Reportable segment liabilities | 17,789 | 19,533 |
| Elimination of inter-segment payables | – | – |
| Unallocated corporate liabilities | 1,463 | 1,191 |
| Consolidated total liabilities | 19,252 | 20,724 |

(c) Geographic information

The geographical location of customers is based on the location at which the services were provided or the goods delivered. For the six months ended 30 June 2013 and 2012, all external customers of the Group are located in Hong Kong. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment. As at 30 June 2013 and 31 December 2012, all specified non-current assets of the Group are located in Hong Kong.

4. FINANCE COSTS

**Unaudited six months
ended 30 June**

2013 2012

HK\$'000 HK\$'000

| | | |
|-----------------------------|----------|----------|
| Interest on bank borrowings | <u>—</u> | <u>3</u> |
|-----------------------------|----------|----------|

5. LOSS BEFORE TAXATION

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

**Unaudited six months
ended 30 June**

2013 2012

HK\$'000 HK\$'000

| | | |
|----------------------------------|-------------|-------|
| Depreciation and amortisation | 178 | 230 |
| Cost of inventories | 489 | 520 |
| Loss on disposal of fixed assets | 1 | 3 |
| Interest income | (31) | (252) |

6. INCOME TAX

No Hong Kong Profits Tax for the six months ended 30 June 2013 and 2012 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\$12,527,000 (2012: HK\$13,987,000) for the period and the weighted average number of approximately 2,631,652,000 (2012: 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 2013 and 2012.

8. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

9. TRADE AND OTHER RECEIVABLES

| | Unaudited 30 June 2013 HK\$'000 | Audited 31 December 2012 HK\$'000 |
|--|--|--|
| Trade receivables | | |
| Within 1 month | 280 | 488 |
| 1 to 3 months | 234 | 149 |
| More than 3 months but less than 12 months | 67 | 7 |
| | <u>581</u> | <u>644</u> |
| Receivables for monies held by the solicitor in accordance with the relevant property sale agreements | 13,974 | 13,966 |
| Amount due from a related company | 688 | 673 |
| Other debtors | 644 | 734 |
| | <u>15,887</u> | <u>16,017</u> |
| Loans and receivables | 1,911 | 1,918 |
| Rental and other deposits | 831 | 764 |
| Prepayments | <u>18,629</u> | <u>18,699</u> |

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

10. TRADE AND OTHER PAYABLES

| | Unaudited 30 June 2013 HK\$'000 | Audited 31 December 2012 HK\$'000 |
|--|--|--|
| Trade payables | | |
| Within 1 month | 27 | 4 |
| After 1 month but within 3 months | 8 | 10 |
| After 3 months but within 6 months | 40 | 246 |
| Over 6 months | 8,960 | 9,163 |
| | <u>9,035</u> | <u>9,423</u> |
| Retentions payable | 2,451 | 2,474 |
| Rental and other deposits received | 560 | 373 |
| Other creditors and accrued charges | 7,206 | 8,454 |
| | <u>19,252</u> | <u>20,724</u> |
| Financial liabilities measured at amortised cost | <u>19,252</u> | <u>20,724</u> |

11. FAIR VALUE MEASUREMENT

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements were approximately equal to their fair values.

12. CONTINGENT LIABILITY IN RESPECT OF CLAIMS

At 30 June 2013 and 31 December 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.

The Group recorded loss for the period of approximately HK\$12.5 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 2013 was approximately HK\$0.12 (31 December 2012: HK\$0.13) 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.

The Group has no bank borrowing as at 30 June 2013. Working capital requirements of the Group are funded by bank deposits.

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 “CG Code”) as set out in Appendix 14 of the Listing Rules with the following deviations:

Under CG 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.

Under CG Code E.1.2, the chairman of the Board should attend the annual general meeting. Due to other business engagements, Mr. Cheong Pin Chuan, Patrick, the chairman of the Board, did not attend the annual general meeting of the Company held on 25 June 2013. The chairman of the Board will endeavor to attend all future annual general meetings of the Company.

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, one meeting of the Audit Committee has 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 2013

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.