

Hong Kong Exchanges 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 board of directors (the “Board”) of Winfoong International Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 HK\$'000	2012 HK\$'000
Turnover	3	4,880	4,629
Cost of sales		(891)	(900)
Gross profit		3,989	3,729
Net (loss)/gain on trading securities		(171)	47
Other revenue	4	6,337	3,676
Other net income/(loss)	4	1,471	(375)
Operating and administrative expenses		(48,770)	(35,685)
Loss from operations		(37,144)	(28,608)
Finance costs	5(a)	—	(3)
Loss before taxation	5	(37,144)	(28,611)
Income tax expense	6	—	—
Loss for the year		<u>(37,144)</u>	<u>(28,611)</u>
Attributable to:			
Equity shareholders of the Company		(37,144)	(28,611)
Non-controlling interests		—	—
Loss for the year		<u>(37,144)</u>	<u>(28,611)</u>
Loss per share	8		
– Basic		<u>HK cents (1.41)</u>	<u>HK cents (1.09)</u>
– Diluted		<u>HK cents (1.41)</u>	<u>HK cents (1.09)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 HK\$'000	2012 HK\$'000
Loss for the year	(37,144)	(28,611)
Other comprehensive income/(loss) for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets: net movement in the fair value reserve (net of nil tax):		
– Changes in fair value recognised during the year	1,080	(5,430)
– Reclassification adjustments for amounts transferred to profit or loss – impairment losses	–	1,800
	1,080	(3,630)
Total comprehensive loss for the year	(36,064)	(32,241)
Attributable to:		
Equity shareholders of the Company	(36,064)	(32,241)
Non-controlling interests	–	–
Total comprehensive loss for the year	(36,064)	(32,241)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		2013		2012	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Fixed assets			1,118		1,383
Available-for-sale financial assets			2,450		1,370
			<u>3,568</u>		<u>2,753</u>
Current assets					
Trading securities		339		523	
Inventories		250,161		251,134	
Trade and other receivables	10	19,247		18,699	
Cash and cash equivalents		58,686		87,028	
		<u>328,433</u>		<u>357,384</u>	
Current liabilities					
Trade and other payables	11	19,147		20,724	
		<u>19,147</u>		<u>20,724</u>	
Net current assets			<u>309,286</u>		<u>336,660</u>
NET ASSETS			<u><u>312,854</u></u>		<u><u>339,413</u></u>
CAPITAL AND RESERVES					
Share capital			131,582		131,582
Reserves			181,272		207,831
			<u>312,854</u>		<u>339,413</u>
Total equity attributable to equity shareholders of the Company			<u>312,854</u>		<u>339,413</u>
Non-controlling interests			<u>—</u>		<u>—</u>
TOTAL EQUITY			<u><u>312,854</u></u>		<u><u>339,413</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share redemption premium	Capital reserve	Share option reserve	Fair value reserve	Retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	131,582	4,785	121	–	3,630	231,536	–	371,654
Changes in equity for 2012:								
Loss for the year	–	–	–	–	–	(28,611)	–	(28,611)
Other comprehensive loss for the year	–	–	–	–	(3,630)	–	–	(3,630)
Total comprehensive loss for the year	–	–	–	–	(3,630)	(28,611)	–	(32,241)
At 31 December 2012	<u>131,582</u>	<u>4,785</u>	<u>121</u>	<u>–</u>	<u>–</u>	<u>202,925</u>	<u>–</u>	<u>339,413</u>
At 1 January 2013	131,582	4,785	121	–	–	202,925	–	339,413
Changes in equity for 2013:								
Loss for the year	–	–	–	–	–	(37,144)	–	(37,144)
Other comprehensive income for the year	–	–	–	–	1,080	–	–	1,080
Total comprehensive loss for the year	–	–	–	–	1,080	(37,144)	–	(36,064)
Equity-settled share-based transactions	–	–	–	9,505	–	–	–	9,505
At 31 December 2013	<u>131,582</u>	<u>4,785</u>	<u>121</u>	<u>9,505</u>	<u>1,080</u>	<u>165,781</u>	<u>–</u>	<u>312,854</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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, buildings and financial instruments classified as available-for-sale financial assets or as trading securities which are stated at their fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are effective for the current accounting period.

Amendments to HKAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	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
Revised HKAS 19	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
Revised HKAS 28	Investments in Associates and Joint Ventures
Annual improvements to HKFRSs 2009-2011 Cycle	

Except for certain disclosure requirements under amendments to HKAS 1, HKFRS 10 and HKFRS 13, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these financial statements.

3. TURNOVER

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

Turnover represents revenue from provision of property management and horticultural services. No properties were sold during the years ended 31 December 2013 and 2012. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue from provision of property management services	429	413
Revenue from provision of horticultural services	4,451	4,216
	<u>4,880</u>	<u>4,629</u>

4. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other revenue		
Interest income on financial assets not at fair value through profit or loss		
– Interest income from banks	82	451
Management fee income	2,802	2,367
Rental income from operating leases	3,386	544
Dividend income from listed securities	18	–
Others	49	314
	<u>6,337</u>	<u>3,676</u>
Other net income/(loss)		
Gain/(loss) on disposal of fixed assets	1	(3)
Revaluation losses on buildings	(35)	(24)
Available-for-sale financial assets:		
reclassified from equity – on impairment	–	(1,800)
Write-back of provision for construction costs	1,505	1,452
	<u>1,471</u>	<u>(375)</u>

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(a) Finance costs		
Total interest expenses on financial liabilities not at fair value through profit or loss:		
– Interest on bank borrowings wholly repayable within five years	–	3
	<u>–</u>	<u>3</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution retirement plan	336	284
Equity-settled share-based payment expenses	9,505	–
Salaries, wages and other benefits	25,675	20,592
	<u>35,516</u>	<u>20,876</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(c) Other items		
Amortisation of land lease premium	22	22
Depreciation of property, plant and equipment	229	437
Auditors' remuneration		
– audit services	440	420
– other services	60	60
Operating lease charges: minimum lease payments		
– hire of plant and machinery	–	1
– land and buildings	4,839	4,001
Cost of inventories	891	900
	<u>891</u>	<u>900</u>

6. INCOME TAX

No Hong Kong Profits Tax for the years ended 31 December 2013 and 2012 has been provided for as the Group has no estimated assessable profits arising in Hong Kong for both years.

7. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the current year (2012: Nil).

8. LOSS PER SHARE

a) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$37,144,000 (2012: HK\$28,611,000) and the weighted average number of approximately 2,631,652,000 (2012: 2,631,652,000) ordinary shares in issue during the year.

b) DILUTED LOSS PER SHARE

The calculation of diluted loss per share for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding share options as the exercise of the share options would result in a decrease in loss per share.

For the year ended 31 December 2012, diluted loss per share is the same as basic loss per share as the Company does not have dilutive potential ordinary shares.

9. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). 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.

Horticultural services: this segment provides horticultural services.

Property management and other related services: this segment mainly provides building management services.

Securities trading: this segment engages in the trading of securities.

a) Segment results, assets and liabilities

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 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 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 loss 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 from cash balances managed directly by the segments, depreciation and amortisation, material non-cash items 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 years ended 31 December 2013 and 2012 is set out below:

	Property development		Horticultural services		Property management and other related services		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	–	–	4,451	4,216	429	413	–	–	4,880	4,629
Inter-segment revenue	–	–	40	49	108	112	–	–	148	161
Reportable segment revenue	–	–	4,491	4,265	537	525	–	–	5,028	4,790
Reportable segment (loss)/profit (adjusted EBITDA)	(29,207)	(22,024)	623	436	521	510	(181)	37	(28,244)	(21,041)
Reportable segment assets	266,315	266,041	1,542	988	807	584	352	523	269,016	268,136
Reportable segment liabilities	17,494	19,128	249	360	27	18	27	27	17,797	19,533

For the year ended 31 December 2013, revenue of approximately HK\$670,000 was derived from a single external customer who contributed more than 10% of total revenue of the Group. This revenue was attributable to the horticultural services segment.

For the year ended 31 December 2012, revenue of approximately HK\$1,070,000 was derived from a single external customer who contributed more than 10% of total revenue of the Group. This revenue was attributable to the horticultural services segment.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	5,028	4,790
Elimination of inter-segment revenue	(148)	(161)
	<hr/>	<hr/>
Consolidated turnover	4,880	4,629
	<hr/>	<hr/>
Profit or loss		
Reportable segment loss	(28,244)	(21,041)
Elimination of inter-segment profit	(148)	(161)
	<hr/>	<hr/>
Reportable segment loss derived from the Group's external customers	(28,392)	(21,202)
Other revenue and net income	2,917	1,305
Depreciation and amortisation	(251)	(459)
Finance costs	–	(3)
Unallocated corporate expenses	(11,418)	(8,252)
	<hr/>	<hr/>
Consolidated loss before taxation	(37,144)	(28,611)
	<hr/>	<hr/>
Assets		
Reportable segment assets	269,016	268,136
Available-for-sale financial assets	2,450	1,370
Unallocated corporate assets		
– cash and cash equivalents	56,564	86,465
– other assets	3,971	4,166
	<hr/>	<hr/>
Consolidated total assets	332,001	360,137
	<hr/>	<hr/>
Liabilities		
Reportable segment liabilities	17,797	19,533
Unallocated corporate liabilities	1,350	1,191
	<hr/>	<hr/>
Consolidated total liabilities	19,147	20,724
	<hr/>	<hr/>

c) Other segment information

	Property development		Horticultural services		Property management and other related services		Securities trading		Unallocated		Total	
	2013	2012	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	HK\$'000	HK\$'000
Interest income	15	12	–	–	–	–	–	–	67	439	82	451
Interest expense	–	–	–	–	–	–	–	–	–	(3)	–	(3)
Depreciation and amortisation	–	–	(3)	(5)	(17)	(17)	–	–	(231)	(437)	(251)	(459)
Income tax expense	–	–	–	–	–	–	–	–	–	–	–	–
Equity-settled share-based payment expense	(6,628)	–	(32)	–	–	–	–	–	(2,845)	–	(9,505)	–
Additions to non-current segment assets during the year	–	–	–	–	–	–	–	–	22	171	22	171

d) Geographic information

No geographic information is shown as all the Group's revenue and results of operations are derived from and all the Group's assets are located in Hong Kong.

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 presented based on the invoice date, as of the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
Within 1 month	577	488
1 to 3 months	323	149
More than 3 months but less than 12 months	11	7
	<u>911</u>	<u>644</u>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis based on the date of receipt of goods/services, as of the end of the reporting period:

	2013 HK\$'000	2012 HK\$'000
Within 1 month	–	4
After 1 month but within 3 months	32	10
After 3 months but within 6 months	–	246
Over 6 months	6,381	9,163
	<u>6,413</u>	<u>9,423</u>

12. CONTINGENT LIABILITIES

Contingent liability in respect of a claim

In previous years, a subsidiary of the Group sold a property to a buyer. The buyer alleged that the subsidiary made certain representations in selling of the property. The buyer filed a claim with the High Court in Hong Kong claiming the repayment of consideration of approximately HK\$9.8 million paid in purchasing the property and rescission of the contract together with related costs, interests and damages. The subsidiary filed a defense against the claim. On 18 February 2014, the buyer filed a mediation notice with the High Court attempting to resolve the claim through mediation. On the same day, the High Court fixed a hearing to be held on 5 May 2014. The directors of the Company are of the view that the buyer's claim is based on unreasonable and invalid grounds and therefore unfounded. In view of the inherent uncertainties of the legal proceedings, the outcome of which cannot be estimated reliably at this stage, the directors of the Company considered that no specific provision should be made in the financial statements.

BUSINESS REVIEW AND PROSPECTS

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

The Group recorded loss for the year of approximately HK\$37,144,000. The increase in net loss was mainly due to the recognition of equity-settled share-based transactions.

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 31 December 2013 was approximately HK\$0.12 (2012: HK\$0.13) based on the 2,631,652,084 (2012: 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 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 31 December 2013 and 2012, there was no outstanding bank loan. The Group's working capital requirements 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 year.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited results of the Group for the year ended 31 December 2013.

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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules with the following deviations:

The code provision A.2.1 of the CG Code provides that 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.

The code provision E.1.2 of the CG Code provides that the chairman of the board should attend annual general meeting. However, due to another business meeting engagement, Mr. Cheong Pin Chuan, Patrick was unable to attend the Company's annual general meeting held on 25 June 2013 (the "AGM" for 2012 annual results). Mr. Chan Yee Hoi, Robert who is the independent non-executive director of the Company, took the chair of the AGM and answered questions from the shareholders at the AGM.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of the Stock Exchange (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, 28 February 2014

As at the date of this statement, the Board comprises (i) three executive directors, namely Messrs. Cheong Pin Chuan, Patrick and 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 purpose only*