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WINFOONG INTERNATIONAL LIMITED

(榮豐國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock code: 63)

2016 INTERIM RESULTS ANNOUNCEMENT SIX MONTHS ENDED 30 JUNE 2016

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 2016 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Unaudited six months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3	2,828	2,505
Cost of sales		(464)	(404)
Gross profit		2,364	2,101
Net (loss)/gain on trading securities		(14)	48
Other revenue		2,468	4,579
Other net loss		–	(9)
Operating and administrative expenses		(25,322)	(17,889)
Loss from operations		(20,504)	(11,170)
Finance costs		–	–
Loss before taxation	4	(20,504)	(11,170)
Income tax expense	5	–	–
Loss for the period		<u>(20,504)</u>	<u>(11,170)</u>
<i>Attributable to:</i>			
Equity shareholders of the Company		(20,504)	(11,170)
Non-controlling interests		–	–
		<u>(20,504)</u>	<u>(11,170)</u>
Basic and diluted loss per share	6	<u>HK cent (0.73)</u>	<u>HK cent (0.42)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Unaudited six months ended 30 June	
		2016	2015
	Note	HK\$'000	HK\$'000
Loss for the period		(20,504)	(11,170)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets: net movement in fair value reserve		—	1,600
Total comprehensive loss for the period		<u>(20,504)</u>	<u>(9,570)</u>
<i>Attributable to:</i>			
Equity shareholders of the Company		(20,504)	(9,570)
Non-controlling interests		—	—
Total comprehensive loss for the period		<u>(20,504)</u>	<u>(9,570)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

		Unaudited	Audited
		30 June	31 December
		2016	2015
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		4,444	4,335
Available-for-sale financial assets		6,500	6,500
		<u>10,944</u>	<u>10,835</u>
Current assets			
Trading securities		534	548
Inventories		244,811	244,811
Loan receivable		2,301	22,081
Trade and other receivables	8	5,473	4,461
Cash and cash equivalents		13,573	11,018
		<u>266,692</u>	<u>282,919</u>
Current liabilities			
Trade and other payables	9	9,854	5,468
		<u>256,838</u>	<u>277,451</u>
NET ASSETS			
		<u>267,782</u>	<u>288,286</u>
Capital and reserves			
Share capital		140,955	140,955
Reserves		126,827	147,331
Total equity attributable to equity shareholders of the Company		<u>267,782</u>	<u>288,286</u>
Non-controlling interests		–	–
TOTAL EQUITY			
		<u>267,782</u>	<u>288,286</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 statement of profit or loss, condensed consolidated statement of profit or loss and 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 2015 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 2015 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 2015 are available from the Company's principal office in Hong Kong. The auditor has expressed an unqualified opinion on those financial statements in their report dated 18 March 2016.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") that are first effective for the current accounting period of the Group:

- HKFRSs (Amendments) "Annual Improvements to HKFRSs 2012-2014 Cycle"
- HKAS 16 and HKAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation"
- HKAS 1 (Amendment) "Presentation of Financial Statements: Disclosure Initiative"

The adoption of the amendments has had no significant impact on the results and financial position of the Group.

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

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised 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 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.
- Money lending: this segment provides loan financing to corporate entities and individuals.
- 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.

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 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 bank interest income and 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 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 six months ended 30 June 2016 and 2015 is set out below.

For the six months ended 30 June (Unaudited)	Property development		Money lending		Horticultural services		Property management and other related services		Securities trading		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	-	424	-	2,343	2,402	61	103	-	-	2,828	2,505
Inter-segment revenue	-	-	-	-	44	23	-	-	-	-	44	23
Reportable segment revenue	-	-	424	-	2,387	2,425	61	103	-	-	2,872	2,528
Reportable segment profit/(loss) (adjusted EBITDA)	(17,638)	(8,400)	382	-	(1,177)	493	48	214	(14)	48	(18,399)	(7,645)
	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Reportable segment assets	248,375	249,423	2,301	22,081	1,772	1,458	1,022	961	534	575	254,004	274,498
Reportable segment liabilities	8,161	4,100	-	-	258	236	16	18	-	-	8,435	4,354

For the six months ended 30 June 2016, revenue of approximately HK\$356,000 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 six months ended 30 June 2015, revenue of approximately HK\$376,000 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, profit or loss, assets and liabilities

	Unaudited six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	2,872	2,528
Elimination of inter-segment revenue	(44)	(23)
Consolidated turnover	<u>2,828</u>	<u>2,505</u>
Profit		
Reportable segment loss	(18,399)	(7,645)
Elimination of inter-segment profit	(44)	(23)
Reportable segment loss derived from Group's external customers	(18,443)	(7,668)
Other revenue and net income	354	983
Depreciation and amortisation	(436)	(132)
Finance costs	–	–
Unallocated corporate expenses	(1,979)	(4,353)
Consolidated loss before taxation	<u>(20,504)</u>	<u>(11,170)</u>
	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Assets		
Reportable segment assets	254,004	274,498
Available-for-sale financial assets	6,500	6,500
Unallocated corporate assets		
– cash and cash equivalent	12,909	7,653
– other assets	4,223	5,103
Consolidated total assets	<u>277,636</u>	<u>293,754</u>
Liabilities		
Reportable segment liabilities	8,435	4,354
Unallocated corporate liabilities	1,419	1,114
Consolidated total liabilities	<u>9,854</u>	<u>5,468</u>

(c) Other segment information

	Property development		Money lending		Horticultural services		Property management and other related services		Securities trading		Unallocated		Total	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Interest income	-	-	-	-	-	-	-	-	-	-	-	34	-	34
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income from operating leases	2,113	3,438	-	-	-	-	-	-	-	-	-	-	2,113	3,438
Depreciation and amortisation	-	-	-	-	-	(4)	-	(15)	-	-	(436)	(113)	(436)	(132)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to non-current segment assets during the year	-	-	-	-	-	-	-	-	-	-	545	-	545	-

(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.

4. LOSS BEFORE TAXATION

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

	Unaudited six months ended 30 June	
	2016	2015
	<i>HKS'000</i>	<i>HKS'000</i>
Depreciation and amortisation	436	132
Cost of inventories	464	404
Loss on disposal of fixed assets	-	9
Interest income	-	(34)
Net realised and unrealised losses/(gains) on trading securities	14	(48)
	914	863

5. INCOME TAX

No Hong Kong Profits Tax for the six months ended 30 June 2016 and 2015 has been provided for as the Group has no estimated assessable profits arising in Hong Kong.

6. 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\$20,504,000 (2015: HK\$11,170,000) for the period and the weighted average number of approximately 2,819,102,000 (2015: 2,638,277,000) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share for the period ended 30 June 2016 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 2016.

The calculation of diluted loss per share for the six months ended 30 June 2015 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.

7. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (2015: Nil).

8. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade debtors		
Within 1 month	316	619
After 1 month but within 3 months	370	123
Over 3 months	7	7
	<hr/>	<hr/>
	693	749
Other debtors	1,070	1,016
	<hr/>	<hr/>
Loans and receivables	1,763	1,765
Rental and other deposits	1,429	1,433
Prepayments	2,281	1,263
	<hr/>	<hr/>
	5,473	4,461
	<hr/> <hr/>	<hr/> <hr/>

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

9. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2016 <i>HK\$'000</i>	Audited 31 December 2015 <i>HK\$'000</i>
Trade creditors		
Within 1 month	37	10
After 1 month but within 3 months	1	–
After 3 months but within 6 months	2	150
Over 6 months	2	157
	<hr/>	<hr/>
	42	317
Retentions payable	–	–
Other creditors and accrued charges	9,486	4,977
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	9,528	5,294
Receipt-in-advance	326	174
	<hr/>	<hr/>
	9,854	5,468
	<hr/> <hr/>	<hr/> <hr/>

10. 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.

11. CONTINGENT LIABILITY

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. 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

During the period, the Group continued to engage in property related businesses, provision of horticultural services, securities trading business and money lending business. The Group's turnover in the period was mainly derived from horticultural services.

The Group recorded a net loss for the period of approximately HK\$20.5 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 2016 was approximately HK\$0.09 (31 December 2015: HK\$0.10) based on the 2,819,102,084 shares (31 December 2015: 2,819,102,084 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 2016. After the period ended 30 June 2016, the Company obtained a banking facility relating to a two-year term loan with aggregate amount of HK\$200,000,000. The loan is secured by the pledge of all the properties owned by the Company. Working capital requirements of the Group are funded by bank deposits and bank loan.

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 complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the period.

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 Mr. Leung Po Hon, Mr. Li Jing Bo and Mr. Shigeki Tanaka. Mr. Leung Po Hon 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 of
Winfoong International Limited
Mak Tin Sang
Executive Director

Hong Kong, 26 August 2016

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Chen Meng, Mr. Mak Tin Sang and Mr. Yuan Li Min; and (ii) one non-executive Director, namely Mr. Li Feng Mao and (iii) three independent non-executive Directors, namely Mr. Leung Po Hon, Mr. Li Jing Bo and Mr. Shigeki Tanaka.

* *For identification purposes only*