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WINFAIR INVESTMENT COMPANY LIMITED

永發置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 287)

2010/11 ANNOUNCEMENT OF INTERIM RESULTS

INTERIM RESULTS

The board of directors of Winfair Investment Company Limited (the “company”) is pleased to report the unaudited consolidated results of the company and its subsidiaries (the “group”) for the six months ended 30 September 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

		(Unaudited) Six months ended 30 September	
	Notes	2010 HK\$'000	2009 HK\$'000
Turnover	3	20,798	34,272
Cost of sales			
Carrying amount of trading securities sold		<u>(11,237)</u>	<u>(15,615)</u>
Gross profit		9,561	18,657
Other revenue	4	156	122
Other net income	4	1,837	15,397
Increase in fair value of investment properties		24,118	17,860
Administrative and general expenses [including depreciation of HK\$44,000 (2009: HK\$44,000)]		<u>(2,459)</u>	<u>(2,824)</u>
Profit before taxation		33,213	49,212
Taxation	5	<u>(5,711)</u>	<u>(3,730)</u>
Profit after taxation attributable to the equity shareholders of the Company		<u>27,502</u>	<u>45,482</u>
Earnings per share (Basic and diluted)	6	<u>69 HK cents</u>	<u>114 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2010

	(Unaudited)	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Profit for the period	<u>27,502</u>	<u>45,482</u>
Other comprehensive income for the period		
Increase in fair value of available-for-sale financial assets	4,779	27,672
Reclassification adjustment relating to disposal of available-for-sale financial assets	<u>(375)</u>	<u>(4,136)</u>
	<u>4,404</u>	<u>23,536</u>
Total comprehensive income, net of tax, for the period attributable to equity shareholders of the Company	<u><u>31,906</u></u>	<u><u>69,018</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2010

		(Unaudited)		(Restated) (Audited)		(Restated) (Audited)	
	Notes	As at		As at		As at	
		30 September 2010		31 March 2010		1 April 2009	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS							
Non-current assets							
Property, plant and equipment			2,298		2,338		2,421
Investment properties			259,830		185,230		143,300
Properties held for or under development			9,900		9,900		9,100
Available-for-sale financial assets - equity shares listed in Hong Kong			98,755		96,255		67,644
			<u>370,783</u>		<u>293,723</u>		<u>222,465</u>
Current assets							
Trading securities - equity shares listed in Hong Kong		48,727		46,375		28,637	
Trade and other receivables	7	1,052		1,270		3,820	
Tax recoverable		--		--		50	
Cash and bank balances		<u>16,291</u>	66,070	<u>66,604</u>	114,249	<u>59,611</u>	92,118
Current liabilities							
Trade and other payables	8	4,006		7,035		3,775	
Tax payable		1,315		1,987		1,818	
Provision for long service payments		<u>885</u>	<u>(6,206)</u>	<u>880</u>	<u>(9,902)</u>	<u>1,738</u>	<u>(7,331)</u>
Net current assets			<u>59,864</u>		<u>104,347</u>		<u>84,787</u>
Total assets less current liabilities			430,647		398,070		307,252
Non-current liabilities							
Provision for long service payments		466		466		466	
Deferred taxation		<u>20,266</u>	<u>(20,732)</u>	<u>15,595</u>	<u>(16,061)</u>	<u>9,213</u>	<u>(9,679)</u>
NET ASSETS			<u>409,915</u>		<u>382,009</u>		<u>297,573</u>
CAPITAL AND RESERVES							
Share capital	9		40,000		40,000		40,000
Reserves			<u>369,915</u>		<u>342,009</u>		<u>257,573</u>
			<u>409,915</u>		<u>382,009</u>		<u>297,573</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2010

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared under historical cost convention, as modified for the valuation of investment properties and share investments and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The accounting policies adopted for the preparation of these condensed consolidated interim financial statements are consistent with those set out in the group’s annual financial statements for the year ended 31 March 2010. In the current interim period, the group has applied, for the first time, a number of new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the group’s financial year beginning on 1 April 2010. Of these, the following developments are relevant to the group’s interim financial statements:

Improvements to HKFRSs 2009	Amendment to HKAS 7 Statement of Cash Flows
Improvements to HKFRSs 2009	Amendment to HKAS 17 Leases
Improvements to HKFRSs 2009	Amendment to HKFRS 8 Operating Segments

Except for the effect on certain line items in the statement of financial position as described below, the adoption of the new and revised HKFRSs has had no material effect on the results and net assets of the group for the current or prior accounting periods.

Amendment to HKAS 17 Leases

In prior years, the group has split the owner-occupied property into the land portion and building portion based on their fair value at inception and the leases of land and building are accounted for separately. The lease of land is accounted for as operating lease, with the up-front payment of lease premium amortised over the period of the lease and the unamortised lease premium classified as “leasehold land” in the statement of financial position.

Pursuant to the amendment to HKAS 17 “Leases”, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and reward of the leasehold land have been transferred to the group. As the directors consider that the present value of the minimum lease payments (i.e., the transaction price) of the land held by the group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases. Corresponding amounts of previous periods have been restated with the balance of leasehold land as at 31 March 2010 of HK\$1,461,829 (1 April 2009: HK\$1,499,312) classified under property, plant and equipment on the consolidated statement of financial position.

The group has not early applied the new or revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the group.

2. Segment information

The following is an analysis of the group's revenue and results by operating segment for the period:-

	Securities investment		Property leasing		Property development		Consolidated total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	15,139	28,832	5,659	5,440	--	--	20,798	34,272
Segment results	3,301	12,557	4,356	3,907	35	10	7,692	16,474
Gain on disposal of available-for-sale financial assets	652	5,834	--	--	--	--	652	5,834
Fair value gain on trading securities	1,281	9,263	--	--	--	--	1,281	9,263
Increase in fair value of investment properties	--	--	24,118	17,860	--	--	24,118	17,860
Loss on disposal of investment properties	--	--	(66)	--	--	--	(66)	--
(Provision)/reversal of provision for impairment loss on property held for or under development	--	--	--	--	(30)	300	(30)	300
Results before interest, tax and corporate expenses	5,234	27,654	28,408	21,767	5	310	33,647	49,731
Interest income							114	95
Unallocated corporate expenses							(548)	(614)
Profit before taxation							33,213	49,212
Taxation							(5,711)	(3,730)
Profit after taxation							27,502	45,482

All the group's activities are carried out in Hong Kong.

The group does not allocate finance costs and other corporate expenses to individual reportable segments.

The analysis of group's segment assets is as follows:

	As at 30 September 2010 HK\$'000	As at 31 March 2010 HK\$'000
Securities investment	148,748	143,261
Property leasing (note)	263,207	190,841
Property development	9,947	9,940
Corporate assets	14,951	63,930
	<u>436,853</u>	<u>407,972</u>

Note: During the period, the group completed the acquisitions of certain investment properties located at. No. 60, No. 62 and No. 64 Ma Tau Chung Road, To Kwa Wan, Kowloon (so called "No. 60", "No. 62" and "No. 64") at total cost of HK\$70,482,000. Regarding the abeyance of the acquisition of one of the above properties (i.e. No. 64) pending the outcome of the law suit as mentioned in the note 30 "Events after the end of reporting period" to the Annual Report 2009/2010, the property acquisition was completed with due observance of the condition on disposal as stipulated in the injunction order on 28 September 2010.

3. Turnover

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Sales of trading securities	11,869	24,487
Gross rental income from investment properties	5,659	5,440
Dividend income from listed investments		
- trading securities	998	1,280
- available-for-sale financial assets	2,272	3,065
	<u>20,798</u>	<u>34,272</u>

4. Other revenue and net income

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Other revenue		
Bank interest income	114	95
Sundry income	42	27
	<u>156</u>	<u>122</u>
Other net income		
Gain on disposal of available-for-sale financial assets	652	5,834
Loss on disposal of investment properties	(66)	-
Fair value gain on trading securities	1,281	9,263
(Provision)/reversal of provision for impairment loss on properties held for or under development	(30)	300
	<u>1,837</u>	<u>15,397</u>

5. Taxation

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Provision for Hong Kong profits tax for current period	(1,040)	(1,338)
Deferred tax	(4,671)	(2,392)
	<u>(5,711)</u>	<u>(3,730)</u>

Provision for Hong Kong profits tax is made at 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

6. Earnings per share (Basic and diluted)

The calculation of basic earnings per share is based on the consolidated profit after taxation of HK\$27,502,000 (2009: HK\$45,482,000) and on 40,000,000 shares (2009: 40,000,000 shares) in issue during the period.

Diluted earnings per share equals to the basic earnings per share as the company had no dilutive potential financial instrument in issue during the period (2009: Nil).

7. Trade and other receivables

	As at 30 September 2010 HK\$'000	As at 31 March 2010 HK\$'000
Rental receivables – within 3 months	349	338
Deposits and prepayments	309	524
Other receivables	394	408
	<u>1,052</u>	<u>1,270</u>

8. Trade and other payables

	As at 30 September 2010 HK\$'000	As at 31 March 2010 HK\$'000
Rental deposits received	1,991	1,765
Deposit received	- -	4,000
Receipts in advance	24	27
Unclaimed dividends	495	386
Accrued expenses	1,496	857
	<u>4,006</u>	<u>7,035</u>

9. Share capital

	As at 30 September 2010		As at 31 March 2010	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorized				
Ordinary shares of HK\$1 each	<u>60,000,000</u>	<u>60,000</u>	<u>60,000,000</u>	<u>60,000</u>
Issued and fully paid				
Ordinary shares of HK\$1 each	<u>40,000,000</u>	<u>40,000</u>	<u>40,000,000</u>	<u>40,000</u>

10. Dividend

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Dividends attributable to the period -		
Final dividend at HK\$0.10 (2009: HK\$0.10) per ordinary share paid during the period	4,000	4,000
Interim dividend at HK\$0.025 (2009: HK\$0.025) per ordinary share proposed after the reporting period end (<i>note</i>)	<u>1,000</u>	<u>1,000</u>
	<u>5,000</u>	<u>5,000</u>

Note: The interim dividend declared after the reporting period end has not been recognised as a liability at the end of the reporting period.

INTERIM DIVIDEND

The board has resolved to pay an interim dividend of 2.5 HK cents per share (2009: 2.5 HK cents) totaling HK\$1,000,000 (2009: HK\$1,000,000). The dividend will be paid on or about 5 January 2011 to the shareholders whose names appear on the Register of Members of the company at the close of business on 24 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed from Monday, 20 December 2010 to Friday, 24 December 2010, both days inclusive. To qualify for the dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 17 December 2010.

SHARE PURCHASE, SALE OR REDEMPTION

Neither the company nor any of its subsidiaries purchased, sold or redeemed any of the company's issued shares during the period under review.

CORPORATE GOVERNANCE

None of the directors of the company is aware of any information that would reasonably indicate that the company is not, or was not during the six months ended 30 September 2010 in compliance with the code provisions set out in the "Code of Corporate Governance Practices" contained in Appendix 14 of the Listing Rules, except that:

- The group has not designated any chief executive officer. In normal practice, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meeting or under written resolution subsequently. The group believes that the existing organisation and decision making procedures are adequate for the group to cope with the ever-changing economic environment;
- The non-executive and independent non-executive directors of the company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the company; and
- Directors appointed to fill casual vacancy are not subject to election by shareholders at the first general meeting after their appointment. They will hold office until the next annual general meeting in which they are eligible for re-election.

BUSINESS REVIEW AND PROSPECTS

Business review

The group's turnover for the period amounted to HK\$20,798,000, representing a decrease by HK\$13,474,000 or 39%, as compared to the same period in last year. The decrease was primarily due to a decrease in trading securities activity during the period.

The profit attributable to shareholders amounted to HK\$27,502,000, representing a decrease HK\$17,980,000 or 40%, as compared to the same period in last year. Although the group has benefited from an increase in assets value in Hong Kong since mid-2009, the assets value especially securities investment did not increase substantially as compared to the same period in last year. The group recorded a realised and unrealised gain on trading securities of totaling HK\$1,913,000 and a revaluation gain on investment properties of HK\$24,118,000 in the first half of financial year 2010/11.

Securities investment

The revenue of the securities investment business decreased by HK\$13,693,000 or 48%, to HK\$15,139,000, as compared to the same period in last year. The decrease was mainly attributable to a decrease in trading securities activity.

During the period, the group recorded a realised gain on trading securities dealing of HK\$632,000 (2009: HK\$8,872,000). Also, the group sold certain long-term investment securities which generated a gain of HK\$652,000 (2009: HK\$5,834,000). Under the persistently growing economic environment, the group recorded an unrealised gain on trading securities of HK\$1,281,000 (2009: HK\$9,263,000) and an unrealised gain on long-term investment securities of HK\$4,779,000 (2009: HK\$27,672,000), which were recognised in profit or loss and other comprehensive income respectively.

Property leasing

The rental income and the result (excluding a revaluation gain and loss on disposal of investment properties) of the group's property leasing business increased by HK\$219,000 or 4% and HK\$449,000 or 11% to HK\$5,659,000 and HK\$4,356,000 respectively, as compared to the same period in last year. During the period under review, a unit at Pearl Oriental Tower, Kowloon was sold resulting in loss of HK\$66,000. On the other hand, the group completed the acquisitions of properties Nos. 60-64 Ma Tau Chung Road, Kowloon at a total cost of HK\$70,482,000 on 18 August and 28 September 2010. After these changes in the property investment portfolio, the carrying value of investment properties at 30 September 2010 became HK\$259,830,000, increased by HK\$74,600,000 as compared to 31 March 2010.

Property development

There is no other project under significant progress during the period, and the group continues to explore other properties in Hong Kong for re-development purpose.

Liquidity and financial resources

Subsequent to the adjustment of property investment portfolio, the group still has a strong cash reserve without bank borrowing. The group continues to adopt prudent policy in financial management.

Prospects

The global economic recovery is full of uncertainty. Since the financial turmoil in 2008, the US dollar has been depreciating. The management expects that the weak US dollar will continue for a period and interest rate will remain at a lower level in the short term. In addition, the influx of hot money into the Hong Kong economy has led to persistent increase in Hong Kong asset value. Although the Hong Kong Government has introduced some controlling measures on property prices, the management believes that property prices will remain on a high level. In view of the continuing economic growth of mainland China, the management is confident in the economic prospect of Hong Kong. The group will continue to maintain strong cash reserve and a high asset liquidity, and explore more opportunities for future business expansion and growth.

INDEPENDENT REVIEW

The interim results for the six months ended 30 September 2010 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Wong Brothers & Co., Certified Public Accountants, whose Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the group’s Audit Committee.

By order of the board
Ng See Wah
Chairman

Hong Kong, 25 November 2010

As at the date of this announcement, the executive directors of the Company are Mr. Ng See Wah, Mr. Ng Tai Wai and Mr. Ng Tai Yin Victor, the non-executive directors are Mr. So Kwok Leung and Mr. So Kwok Wai Benjamin, the independent non-executive directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Ng Chi Yeung Simon and Ms. Chan Suit Fei, Esther, and Ms. Ng Kwok Fun is alternate director to Mr. Ng See Wah.