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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)

2011/12 ANNOUNCEMENT OF INTERIM RESULTS

INTERIM RESULTS

The board of directors of Winfair Investment Company Limited (the “company”) presents the unaudited consolidated results of the company and its subsidiaries (the “group”) for the six months ended 30 September 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT For the six months ended 30 September 2011

		(Unaudited) Six months ended 30 September	
		2011	(Restated) 2010
	Notes	HK\$'000	HK\$'000
Revenue	3	9,340	9,561
Other revenue	4	65	156
Gain on disposal of available-for-sale financial assets		- -	652
Fair value (loss)/gain on trading securities		(21,097)	1,281
Fair value loss on properties held for or under development		(33)	(30)
Fair value gain on investment properties		14,000	24,118
Administrative and general expenses [including depreciation of HK\$40,000 (2010: HK\$44,000)]		<u>(2,746)</u>	<u>(2,525)</u>
(Loss)/profit before taxation		(471)	33,213
Taxation	5	<u>(2,047)</u>	<u>(5,711)</u>
(Loss)/profit after taxation attributable to the equity shareholders of the Company		<u>(2,518)</u>	<u>27,502</u>
(Loss)/earnings per share (Basic and diluted)	6	<u>(6.3 HK cents)</u>	<u>69 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2011

	(Unaudited)	
	Six months ended	
	30 September	
	2011	2010
	HK\$'000	HK\$'000
(Loss)/profit for the period	<u>(2,518)</u>	<u>27,502</u>
Other comprehensive income for the period		
(Decrease)/increase in fair value of available-for-sale financial assets	(20,339)	4,779
Reclassification adjustment relating to disposal of available-for-sale financial assets	<u>- -</u>	<u>(375)</u>
	<u>(20,339)</u>	<u>4,404</u>
Total comprehensive income, net of tax, for the period attributable to equity shareholders of the Company	<u>(22,857)</u>	<u>31,906</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2011

		(Unaudited)		(Audited)	
		As at 30 September 2011		As at 31 March 2011	
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment			2,236		2,276
Investment properties			308,800		294,800
Properties held for or under development			9,900		9,900
Available-for-sale financial assets – equity shares listed in Hong Kong			<u>79,214</u>		<u>99,221</u>
			<u>400,150</u>		<u>406,197</u>
Current assets					
Trading securities – equity shares listed in Hong Kong		39,085		57,673	
Trade and other receivables	7	1,104		1,227	
Tax recoverable		247		100	
Cash and bank balances		<u>12,940</u>	53,376	<u>12,379</u>	71,379
Current liabilities					
Trade and other payables	8	4,366		3,432	
Tax payable		1,169		727	
Provision for long service payments		<u>897</u>	<u>(6,432)</u>	<u>888</u>	<u>(5,047)</u>
Net current assets			<u>46,944</u>		<u>66,332</u>
Total assets less current liabilities			447,094		472,529
Non-current liabilities					
Provision for long service payments		290		205	
Deferred taxation		<u>25,092</u>	<u>(25,382)</u>	<u>23,755</u>	<u>(23,960)</u>
NET ASSETS			<u>421,712</u>		<u>448,569</u>
CAPITAL AND RESERVES					
Share capital	9		40,000		40,000
Reserves			<u>381,712</u>		<u>408,569</u>
			<u>421,712</u>		<u>448,569</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2011

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 revaluation of investment properties, property held for/or under development 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 2011. In the current interim period, the group has applied Improvements to HKFRSs 2010: Amendment to HKAS 34 “Interim Financial Reporting” issued by the HKICPA, which is pertinent to the presentation of the group’s interim financial statements.

The adoption of the Improvements to HKFRSs 2010 has had no material effect on the results and financial position of the group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Amendment to HKAS 34 “Interim Financial Reporting”

It requires an entity to include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. The amendment only results in additional disclosures.

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 are in the process of making an assessment of the impact of such new and revised standards, amendments or interpretations and are not yet in a position to state whether they would have a significant impact on the group’s results and financial position upon adoption.

2. Segment information

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

	Securities investment Six months ended 30 September (Restated)		Property leasing Six months ended 30 September (Restated)		Property development Six months ended 30 September		Consolidated total Six months ended 30 September (Restated)	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Segment revenue	2,804	3,902	6,536	5,659	--	--	9,340	9,561
Segment results	2,179	3,301	4,958	4,290	18	35	7,155	7,626
Gain on disposal of available-for-sale financial assets	--	652	--	--	--	--	--	652
Fair value (loss)/gain on trading securities	(21,097)	1,281	--	--	--	--	(21,097)	1,281
Fair value gain on investment properties	--	--	14,000	24,118	--	--	14,000	24,118
Fair value loss on property held for or under development	--	--	--	--	(33)	(30)	(33)	(30)
Results before interest, tax and corporate expenses	(18,918)	5,234	18,958	28,408	(15)	5	25	33,647
Interest income							17	114
Unallocated corporate expenses							(513)	(548)
(Loss)/profit before taxation							(471)	33,213
Taxation							(2,047)	(5,711)
(Loss)/profit after taxation							(2,518)	27,502

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.

An analysis of the group's segment assets is as follows:-

	Securities investments		Property leasing		Property development		Consolidated total	
	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000
Assets:								
Segment assets	119,146	158,359	311,882	298,091	9,938	9,950	440,966	466,400
Tax recoverable	247	100	--	--	--	--	247	100
Unallocated corporate assets	--	--	--	--	--	--	12,313	11,076
	119,393	158,459	311,882	298,091	9,938	9,950	453,526	477,576

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of certain corporate assets (including fixed deposits and bank accounts).

Due to European sovereign debt crisis, the group's securities portfolio as of 30 September 2011 reduced by HK\$38,595,000 to HK\$118,299,000, as compared to 31 March 2011.

3. Revenue

	Six months ended 30 September (Restated)	
	2011 HK\$'000	2010 HK\$'000
Gross rental income from investment properties	6,536	5,659
Dividend income from listed investments		
- trading securities	1,134	998
- available-for-sale financial assets	1,605	2,272
	2,739	3,270
Net result of trading in securities	65	632
	<u>9,340</u>	<u>9,561</u>

4. Other revenue

	Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Bank interest income	17	114
Sundry income	48	42
	<u>65</u>	<u>156</u>

5. Taxation

	Six months ended 30 September	
	2011 HK\$'000	2010 HK\$'000
Provision for Hong Kong profits tax for current period	(709)	(1,040)
Deferred tax	(1,338)	(4,671)
Total income tax	<u>(2,047)</u>	<u>(5,711)</u>

Provision for Hong Kong profits tax is made at 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

6. (Loss)/earnings per share (Basic and diluted)

The calculation of basic loss per share is based on the consolidated loss after taxation of HK\$2,518,000 (2010: profit of HK\$27,502,000) and on 40,000,000 shares (2010: 40,000,000 shares) in issue during the period.

The loss for the period was mainly due to the loss on fair value of the group's share investments as a result of the recent downturn of the Hong Kong securities market that has affected the group's financial assets carried at fair value.

Diluted loss/earnings per share equals to the basic loss/earnings per share as the company had no dilutive potential financial instrument in issue during the period (2010: Nil).

7. Trade and other receivables

	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000
Rental receivables – within 3 months	238	149
Deposits and prepayments	303	379
Other receivables	563	699
	<u>1,104</u>	<u>1,227</u>

8. Trade and other payables

	As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000
Rental deposits received	2,198	2,036
Receipts in advance	125	84
Unclaimed dividends	668	425
Accrued expenses	1,375	887
	<u>4,366</u>	<u>3,432</u>

9. Share capital

	As at 30 September 2011		As at 31 March 2011	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised				
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	
	2011	2010
	HK\$'000	HK\$'000
Dividends attributable to the period -		
Final dividend at HK\$0.10 (2010: HK\$0.10) per ordinary share paid during the period	4,000	4,000
Interim dividend at HK\$0.02 (2010: HK\$0.025) per ordinary share declared after the reporting period end (<i>note</i>)	800	1,000
	<u>4,800</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.

11. Change in the presentation of revenue

In prior periods, revenue included the sale proceeds from sale of trading securities while the related costs were presented as “cost of sales in trading securities”. In the current period, the group revised the presentation of revenue in order to conform with market practices. The sale proceeds from sale of trading securities are offset against the cost of trading securities and are presented as net result of trading in securities in the consolidated income statement.

The effects of the change in the presentation of revenue have been accounted for retrospectively with comparative figures restated. The effect of specific line items affected in the condensed consolidated income statement is as follows:

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
Decrease in revenue – sales of trading securities	1,069	11,869
Decrease in cost of sales in trading securities	1,004	11,237
Increase in net result of trading in securities	<u>65</u>	<u>632</u>

The changes do not have any impact on the results of the group in respect of the current and prior period.

INTERIM DIVIDEND

The board has resolved to pay an interim dividend of 2 HK cents per share (2010: 2.5 HK cents) totaling HK\$800,000 (2010: HK\$1,000,000). The dividend will be paid on or about 5 January 2012 to the shareholders whose names appear on the Register of Members of the company at the close of business on 23 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed from Monday, 19 December 2011 to Friday, 23 December 2011, 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, 16 December 2011.

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 2011 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\$9,340,000, representing a decrease by HK\$221,000 or 2.5%, as compared to the same in last year.

The group recorded a loss of HK\$2,518,000 for the six months ended 30 September 2011, as compared to a profit of HK\$27,502,000 in the same period in last year. The loss was mainly due to an unrealised loss on trading securities of HK\$21,097,000 as a result of the recent downturn of the Hong Kong securities market.

Securities investment

Dividend income decreased by HK\$531,000 or 16%, to HK\$2,739,000, as compared to the same period in last year. The decrease was mainly due to decrease in dividend yield of the securities held by the group.

During the period, the group reduced trading in short term securities and therefore reported a gain on disposal of trading securities of HK\$65,000 only (2010: HK\$632,000). Due to European sovereign debt crisis, the group's Hong Kong securities dropped by 25% in value as compared to 31 March 2011 leading to an unrealised loss on trading securities of HK\$21,097,000 (2010: unrealised gain of HK\$1,281,000) and an unrealised loss on long-term investment securities of HK\$20,339,000 (2010: unrealised gain of HK\$4,779,000), which were recognised in profit or loss and other comprehensive income respectively.

Property leasing

The rental income and the result (excluding a revaluation gain) of the group's property leasing business increased by HK\$877,000 or 15.5% and HK\$668,000 or 15.6% to HK\$6,536,000 and HK\$4,958,000 respectively, as compared to the same period in last year. The increase was mainly due to the rental contribution from the acquisitions of Nos. 60-64 Ma Tau Chung Road, Kowloon in August and September 2010. During the period under review, the properties portfolio remains the same. The carrying value of investment properties at 30 September 2011 valued at HK\$308,800,000, representing an increase by HK\$14,000,000, as compared to 31 March 2011.

Property development

Although there is no other project under significant progress during the period, the group continues to explore other re-development opportunities.

Liquidity and financial resources

The group maintains a healthy cash position without bank borrowing. The group continues to adopt a prudent policy in its cash management.

Prospects

Following the European sovereign debt crisis, the global economic recovery is full of uncertainty. The group believes that the European government will continue to look for solutions for the financial crisis. On the other hand, despite of the high inflationary economic environment the group believes that the Hong Kong property leasing market can have steady growth. Benefiting from continuing economic growth in mainland China, the management is very confident in the economic prospects of Hong Kong. The group will maintain sufficient cash reserve and a high liquidity, and to look for opportunities for future growth and expansion.

INDEPENDENT REVIEW

The interim results for the six months ended 30 September 2011 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, 29 November 2011

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.