



WINFAIR INVESTMENT COMPANY LIMITED
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(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)

INTERIM REPORT 2007/2008

For the six months ended 30 September 2007

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 2007. The accounting information contained herein has been reviewed by the company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	(Unaudited) Six months ended 30 September	
		2007 HK\$'000	2006 HK\$'000
Turnover	3	10,210	9,558
Other revenue	3	340	403
		10,550	9,961
Administrative and general expenses [including depreciation and amortisation of leasehold land of HK\$27,000 (2006: HK\$27,000) and HK\$18,000 (2006: HK\$18,000) respectively]		(2,425)	(2,657)
Cost of sales of financial assets at fair value through profit or loss		(2,112)	(2,256)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		909	(36)
Gain on disposal of available-for-sale financial assets		10,278	2,076
Gain on disposal of stock of land interests		924	8,087
Provision for impairment loss on properties held for or under development		—	(37)
Provision for impairment loss on stock of property units		—	(4,500)
Increase in fair value of investment properties		4,260	175
Finance cost		(574)	(650)
Profit before taxation		21,810	10,163
Taxation	4	(1,090)	(526)
Profit after taxation attributable to the equity holders of the company		20,720	9,637
Earnings per share	5	52 cents	24 cents

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2007*

	Notes	(Unaudited) As at 30 September 2007		(Audited) As at 31 March 2007	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment			998		1,025
Investment properties			131,810		127,550
Leasehold land			1,556		1,574
Properties held for or under development			9,200		9,200
Available-for-sale financial assets – equity shares listed in Hong Kong			123,816		102,792
			267,380		242,141
Current assets					
Financial assets at fair value through profit or loss – equity shares listed in Hong Kong			11,017		11,085
Stock of property units			63,791		63,791
Stock of land interests			–		280
Trade and other receivables	6		1,225		1,358
Cash and bank balances			26,688	102,721	12,528
					89,042
Current liabilities					
Trade and other payables	7		5,003		4,737
Tax payable			526		235
Bank borrowings – secured			2,800		2,800
Provision for long service payments			1,712	(10,041)	1,699
					(9,471)
Net current assets			92,680		79,571
Total assets less current liabilities			360,060		321,712
Non-current liabilities					
Bank borrowings – secured			18,200		19,600
Provision for long service payments			275		424
Deferred tax			8,967	(27,442)	8,369
					(28,393)
NET ASSETS			332,618		293,319
CAPITAL AND RESERVES					
Share capital	8		40,000		40,000
Reserves			291,818		249,319
Proposed dividend			800		4,000
			332,618		293,319

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2007*

	(Unaudited) Six months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net cash generated from operating activities	7,965	4,163
Net cash generated from investing activities	12,168	8,610
Net cash used in financing activities	(5,973)	(6,050)
Net increase in cash and cash equivalents	14,160	6,723
Cash and cash equivalents at beginning of period	12,528	15,119
Cash and cash equivalents at end of period	26,688	21,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2007*

	Share capital HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000
As at 1 April 2006	40,000	251	212,301	4,000	256,552
Dividend paid	—	—	—	(4,000)	(4,000)
Net profit for the period	—	—	9,637	—	9,637
Increase in fair value of available-for-sale financial assets recognized in equity	—	—	4,599	—	4,599
Transfer to income statement upon disposal of available- for-sale financial assets	—	—	(1,675)	—	(1,675)
Dividend declared	—	—	(800)	800	—
As at 30 September 2006	40,000	251	224,062	800	265,113
Dividend paid	—	—	—	(800)	(800)
Net profit for the period	—	—	12,509	—	12,509
Increase in fair value of available-for-sale financial assets recognized in equity	—	—	16,496	—	16,496
Dividend declared	—	—	(4,000)	4,000	—
As at 31 March 2007	40,000	251	249,067	4,000	293,318
Dividend paid	—	—	—	(4,000)	(4,000)
Net profit for the period	—	—	20,720	—	20,720
Increase in fair value of available-for-sale financial assets recognized in equity	—	—	26,804	—	26,804
Transfer to income statement upon disposal of available- for-sale financial assets	—	—	(4,224)	—	(4,224)
Dividend declared	—	—	(800)	800	—
As at 30 September 2007	40,000	251	291,567	800	332,618

NOTES TO THE CONDENSED FINANCIAL STATEMENTS*For the six months ended 30 September 2007***1. Basis of preparation and principal accounting policies**

The condensed 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 financial statements are consistent with those set out in the group’s annual financial statements for the year ended 31 March 2007. In the current interim period, the group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standard (“HKAS”) and applicable interpretations including HK(IFRIC)-Ints issued by the HKICPA, which are effective for the group’s financial year beginning 1 April 2007.

Accounting/financial reporting standards

- | | |
|--------------------|-----------------------------------|
| – HKAS 1 Amendment | Capital Disclosures |
| – HKFRS 7 | Financial Instruments: Disclosure |

Interpretations

- | | |
|--------------------|--|
| – HK(IFRIC)-Int 8 | Scope of HKFRS 2 |
| – HK(IFRIC)-Int 9 | Reassessment of Embedded Derivatives |
| – HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment |
| – HK(IFRIC)-Int 11 | HKFRS 2 – Group and Treasury Transactions |

The adoption of these new HKFRSs has had no material effect on the results or financial position of the group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The group has not early applied the new and revised standards or interpretations that have been issued but are not yet effective.

2. Segment information

The group's segment revenue and results for the six months ended 30 September 2007 as analysed by activities are as follows:

	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	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	4,721	4,315	5,489	5,243	—	—	10,210	9,558
Segment results	2,989	1,293	4,246	3,775	(176)	(58)	7,059	5,010
Gain on disposal of available-for-sale financial assets	10,278	2,076	—	—	—	—	10,278	2,076
Provision for impairment loss on properties held for or under development	—	—	—	—	—	(37)	—	(37)
Provision for impairment loss on stock of property units	—	—	—	—	—	(4,500)	—	(4,500)
Increase in fair value of investment properties	—	—	4,260	175	—	—	4,260	175
Gain on disposal of stock of land interests	—	—	—	—	924	8,087	924	8,087
Results before interest, tax and corporate expenses	13,267	3,369	8,506	3,950	748	3,492	22,521	10,811
Interest income							335	393
Interest expenses							(574)	(650)
Unallocated corporate expenses							(472)	(391)
Profit before taxation							21,810	10,163
Taxation							(1,090)	(526)
Profit after taxation							20,720	9,637

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

3. Turnover and other revenue

	Six months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover		
Gross rental income from investment properties	5,489	5,243
Dividend income from listed investments	2,455	1,910
Sales of financial assets at fair value through profit or loss (trading securities)	2,266	2,405
	10,210	9,558
Other revenue		
Interest income	335	393
Sundry income	5	10
	10,550	9,961
	10,550	9,961

4. Taxation

	Six months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Taxation in the condensed consolidated income statement represents:		
Current tax		
Provision for Hong Kong profits tax	(492)	(419)
Deferred tax	(598)	(107)
	(1,090)	(526)
	(1,090)	(526)

Provision for Hong Kong profits tax is made at 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

5. Earnings per share

The calculation of earnings per share is based on the consolidated profit after taxation of HK\$20,720,000 (2006: HK\$9,637,000) and on 40,000,000 shares (2006: 40,000,000 shares) in issue during the period.

6. Trade and other receivables

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
Rental receivables — within 3 months	433	475
Deposits and prepayments	482	568
Other receivables	310	315
	1,225	1,358

7. Trade and other payables

	As at 30 September 2007 HK\$'000	As at 31 March 2007 HK\$'000
Rental deposits received	2,109	1,941
Receipt in advance	26	13
Construction cost payable	46	46
Retention money payable	840	840
Unclaimed dividends	1,065	975
Accrued expenses	917	922
	5,003	4,737

8. Share capital

	As at 30 September 2007		As at 31 March 2007	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorized				
Ordinary shares of HK\$1 each	60,000,000	60,000	60,000,000	60,000
Issued and fully paid				
Ordinary shares of HK\$1 each	40,000,000	40,000	40,000,000	40,000

INTERIM DIVIDEND

The board has resolved to pay an interim dividend of 2 cents per share (2006: 2 cents) totalling HK\$800,000 (2006: HK\$800,000). The dividend will be paid on or about 17 January 2008 to the shareholders whose names appear on the Register of Members of the company at the close of business on 11 January 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed from Monday, 7 January 2008 to Friday, 11 January 2008, 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, 4 January 2008.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2007, the interests and short positions of the directors of the company in the shares, underlying shares and debentures of the company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors had taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the company under section 352 of the SFO or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Personal interests	Number of shares held			Total
		Family interests	Corporate interests	Other interests	
Executive directors:					
Ng See Wah	7,941,423	910,000	3,370,500*	—	12,221,923
Ng Tai Wai	3,899,077	—	3,370,500*	—	7,269,577
Soo Cho Ling	5,008,423	250,000	—	—	5,258,423
Non-executive directors:					
Ng Tai Keung	259,000	—	—	—	259,000
So Kwok Leung	5,961,077	—	—	—	5,961,077
Independent non-executive directors:					
Heng Kwo Seng [†]	—	—	—	—	—
Loke Yu alias Loke Hoi Lam [†]	—	—	—	—	—
Ng Chi Yeung, Simon	—	—	—	—	—
Chan Suit Fei, Esther	—	—	—	—	—

DIRECTORS' INTERESTS IN SECURITIES *(Con'd)*

- * 3,370,500 shares attributable to Mr. Ng See Wah and Mr. Ng Tai Wai were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng See Wah and Mr. Ng Tai Wai.
- # Mr. Heng Kwoo Seng was resigned as director on 2 April 2007 and Dr. Loke Yu alias Loke Hoi Lam has appointed as director since 2 April 2007.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the directors in trust for the company, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the company or any of its associated corporations.

None of the directors, their spouses or their children under the age of 18 had any right to subscribe for the shares of the company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, no person, other than certain directors of the company, had notifiable interest or short position in the shares or underlying shares of the company as recorded in the register maintained pursuant to section 336 of the SFO.

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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. After having made specific enquiry of all directors, the directors of the company are satisfied that the required standard set out in the Model Code has been fully complied with.

AUDIT COMMITTEE

The audit committee, consisting of three independent non-executive directors and one non-executive director, has reviewed with the management the accounting principles and practices adopted by the group and discussed internal control and financial reporting matters, including the review of the group's unaudited interim financial statements.

EMPLOYEE AND EMOLUMENT POLICY

As at 30 September 2007, the group had 3 (2006: 3) employees (excluding 3 executive directors). The remuneration policy and package of the group's employees are periodically reviewed according to the individual performance. The total staff cost, including mandatory provident fund contribution of HK\$17,000 (2006: HK\$16,000), was HK\$377,000 (2006: HK\$363,000) for the six months ended 30 September 2007.

PLEDGE OF ASSETS

As at 30 September 2007, the investment properties of the group with an aggregate carrying value of HK\$60,200,000 (31 March 2007: HK\$58,050,000) were pledged to a bank to secure general banking facilities granted to the group.

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 2007 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.

CORPORATE GOVERNANCE *(Con'd)*

- 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.
- 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.
- The terms of reference of Audit Committee and Remuneration Committee were not provided on website of the company until 12 July 2007.

BUSINESS REVIEW AND PROSPECTS**Business review**

The group's turnover for the period amounted to HK\$10,210,000, representing an increase by HK\$652,000 or 7%, as compared to the same period in the previous year. The increase in turnover was primarily due to an increase in dividend income from share investments.

The profit attributable to shareholders amounted to HK\$20,720,000, representing an increase by HK\$11,083,000 or 115%, as compared to the same period in last year. An absence of the provision for loss on stock of properties compared to HK\$4,500,000 in same period in last year and an increase in fair value gain on investment properties of HK\$4,085,000 were major factors relevant to such increase. The increase was balanced by the fall in gain on disposal of stock of land interests amounting to HK\$7,163,000. During the period, the group also disposed of certain listed shares, which were held for long-term purpose and made significant gain of HK\$10,278,000, representing an increase by 395% as compared to the same period in last year.

BUSINESS REVIEW AND PROSPECTS *(Con'd)*

Business review *(Con'd)*

Under the favorable economic conditions, the net assets value at 30 September 2007 increased by HK\$39,299,000, or 13%, to HK\$332,618,000, as compared to net assets value at 31 March 2007.

Property development

The results of the group's property development was HK\$748,000, representing a decrease of 79%, as compared to the same period in last year. In September 2007, the group completed the sale of an agricultural land located at Mong Tseng, which generated a non-recurring gain of HK\$924,000 (2006: gain of HK\$8,087,000 related to Lau Fau Shan) to the group. Following the completion of the residential/commercial property at 201-203 Castle Peak Road, Kowloon last year, the property units are now pending for sale. For the development projects in Lam Tei and Ping Shan, the group is currently negotiating with the Government for the land premium.

Property leasing

The rental income increased by 5%, to HK\$5,489,000, as compared to the same period in last year. The result of the group's property leasing business increased by HK\$4,556,000 or 115% to HK\$8,506,000, as compared to the same period in last year. The fair value gain on investment properties amounting to HK\$4,260,000 was the major contributor to the result of the property leasing business sector.

Securities investment

The revenue and results of the securities investment business increased by HK\$406,000 or 9% and HK\$9,898,000 or 294% to HK\$4,721,000 and HK\$13,267,000 respectively, as compared to the same period in last year. The increase was mainly attributable to the generally favourable performance of the securities market in Hong Kong during the first half financial year and sale of certain listed shares by the group, which recognized a gain of HK\$10,278,000.

BUSINESS REVIEW AND PROSPECTS *(Con'd)***Securities investment** *(Con'd)*

Taking the advantage of opportunities from the current turmoil in the securities market, the group acquired certain listed shares for long term holding and short term dealing with the amounts of HK\$2,472,000 and HK\$1,350,000 respectively during the period. As at 30 September 2007, the net aggregate unrealized gain on share investment was increased by HK\$23,489,000 since 31 March 2007. The group's share investment portfolio had an aggregate fair value of HK\$134,833,000, which was increased by 18%, as compared with HK\$113,877,000 recorded in 31 March 2007.

Liquidity and financial resources

The group's gearing ratio calculated as bank borrowings to total assets at 30 September 2007 stood at 6%, which is considered a healthy level. The group has sufficient liquid funds and marketable securities to meet its future working capital requirement and loan repayment obligations.

Prospects

In view of China's continual rapid economic growth and Qualified Domestic Institutional Investor scheme launched by the Central Government, we foresee our share investment business will directly benefit from it in the long term. The recent decrease in interest rates will more likely stimulate local property market, we believe the local property market trend will go up steadily. To the best interest of the shareholders, the management will continue to look for good opportunity for investments to ensure the best asset allocation and to optimize investment portfolio.

By order of the board
Ng See Wah
Chairman

Hong Kong, 12 December 2007

INDEPENDENT REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**To The Board of Directors of****WINFAIR INVESTMENT COMPANY LIMITED***(Incorporated in Hong Kong with limited liability)***Introduction**

We have reviewed the interim financial information of the company and its subsidiary companies set out on pages 1 to 8, which comprise the condensed consolidated balance sheet of Winfair Investment Company Limited as of 30 September 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Wong Brothers & Co.
Certified Public Accountants

Hong Kong, 12 December 2007