



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0287)



INTERIM REPORT
2017 / 2018

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 2017. The accounting information contained herein has been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

	Notes	(Unaudited) Six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000
Revenue	4	14,820	13,676
Other revenue	5	159	77
Gain on disposal of available-for-sale financial assets		4,354	6,356
Gain on disposal of subsidiary		95,702	–
Fair value gain on trading securities		6,676	6,388
Fair value gain/(loss) on investment properties		17,200	(10,300)
Fair value gain on properties held for or under development		2,712	310
Administrative and general expenses including depreciation of HK\$40,000 (2016: HK\$40,000)		(3,018)	(3,083)
Finance cost		(289)	(288)
Profit before taxation		138,316	13,136
Taxation	6	(1,267)	(1,277)
Profit after taxation attributable to the equity shareholders of the Company		137,049	11,859
Earnings per share (Basic and diluted)	7	342.6 HK cents	29.6 HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Profit for the period	137,049	11,859
Other comprehensive income for the period		
<i>Items that may be reclassified to profit or loss</i>		
Increase in fair value of available-for-sale financial assets	9,870	13,537
Release of fair value reserve upon disposal of available-for-sale financial assets	(3,373)	(4,554)
	6,497	8,983
Total comprehensive income, net of tax, for the period attributable to equity shareholders of the Company	143,546	20,842

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	(Unaudited) As at 30 September 2017		(Audited) As at 31 March 2017	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment			1,748		1,788
Investment properties			620,000		602,800
Properties held for or under development	8		4,780		15,100
Available-for-sale financial assets – equity shares listed in Hong Kong	9		117,183		107,551
			743,711		727,239
Current assets					
Trading securities – equity shares listed in Hong Kong			61,600		59,251
Trade and other receivables	10		903		2,241
Tax recoverable			–		26
Cash and bank balances			175,196		237,699
			237,699		54,241
Current liabilities					
Trade and other payables	11		5,751		6,362
Bank borrowings – secured	12		23,420		24,384
Tax payable			1,327		112
			(30,498)		(30,858)
			207,201		84,901
Net current assets					
			950,912		812,140
Total assets less current liabilities					
			950,912		812,140
Non-current liabilities					
Provision for long service payments			118		118
Deferred taxation			936		910
			(1,054)		(1,028)
NET ASSETS					
			949,858		811,112
CAPITAL AND RESERVES					
Share capital	13		40,000		40,000
Reserves			909,858		771,112
			949,858		811,112

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

		(Unaudited)				
		Attributable to equity shareholders of the Company				
Notes	Share capital HK\$'000	Capital reserve HK\$'000	Fair value Reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
As at 1 April 2016		40,000	251	29,711	684,551	754,513
Dividend paid						
– 2015/16 final dividend (HK\$0.12 per share)	14	–	–	(4,800)	(4,800)	
Profit for the period		–	–	11,859	11,859	
Other comprehensive income for the period						
<u>Items that may be reclassified to profit or loss</u>						
– Increase in fair value of available-for-sale financial assets		–	13,537	–	13,537	
– Release of fair value reserve upon disposal of available-for-sale financial assets		–	(4,554)	–	(4,554)	
Total comprehensive income for the period		–	8,983	11,859	20,842	
As at 30 September 2016		40,000	251	38,694	691,610	770,555
Dividend paid						
– 2016/17 interim dividend (HK\$0.02 per share)	14	–	–	(800)	(800)	
Profit for the period		–	–	39,090	39,090	
Other comprehensive income for the period						
<u>Items that may be reclassified to profit or loss</u>						
– Increase in fair value of available-for-sale financial assets		–	2,221	–	2,221	
– Release of fair value reserve upon disposal of available-for-sale financial assets		–	–	–	–	
Total comprehensive income for the period		–	2,221	39,090	41,311	
Unclaimed dividend forfeited		–	–	46	46	
As at 31 March 2017		40,000	251	40,915	729,946	811,112

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Cont'd)

For the six months ended 30 September 2017

		(Unaudited)				
		Attributable to equity shareholders of the Company				
	Notes	Share capital HK\$'000	Capital reserve HK\$'000	Fair value Reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 31 March 2017		40,000	251	40,915	729,946	811,112
Dividend paid						
– 2016/17 final dividend (HK\$0.12 per share)	14	-	-	-	(4,800)	(4,800)
Profit for the period		-	-	-	137,049	137,049
Other comprehensive income for the period						
<u>Items that may be reclassified to profit or loss</u>						
– Increase in fair value of available-for-sale financial assets		-	-	9,870	-	9,870
– Release of fair value reserve upon disposal of available-for-sale financial assets		-	-	(3,373)	-	(3,373)
Total comprehensive income for the period		-	-	6,497	137,049	143,546
As at 30 September 2017		40,000	251	47,412	862,195	949,858

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	(Unaudited)	
	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Operating activities		
Profit before taxation	138,316	13,136
Adjustments for:		
Gain on disposal of available-for-sale financial assets	(4,354)	(6,356)
Gain on disposal of subsidiary	(95,702)	–
Fair value gain on properties held for or under development	(2,712)	(310)
Fair value gain on trading securities	(6,676)	(6,388)
Fair value (gain)/loss on investment properties	(17,200)	10,300
Holding gains/(losses) on trading securities realised	24	(184)
Interest income	(72)	(20)
Interest expenses	289	288
Changes in provision for long service payments	–	4
Depreciation	40	40
Operating profit before working capital changes	11,953	10,510
Decrease in trading securities	4,303	349
Decrease in trade and other receivables	1,338	4,121
(Decrease)/increase in trade and other payables	(611)	611
Cash generated from operations	16,983	15,591
Profits tax paid	–	–
Net cash generated from operating activities	16,983	15,591
Investing activities		
Increase in properties held for or under development	(68)	(70)
Purchase of available-for-sale financial assets	(5,166)	(756)
Proceeds from disposal of available-for-sale financial assets	6,386	10,357
Proceeds from disposal of subsidiary	108,802	–
Interest received	72	20
Net cash generated from investing activities	110,026	9,551

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Financing activities		
Repayment of bank borrowings	(965)	(965)
Dividends paid	(4,800)	(4,800)
Interest paid	(289)	(288)
Net cash used in financing activities	(6,054)	(6,053)
Net increase in cash and cash equivalents	120,955	19,089
Cash and cash equivalents at beginning of period	54,241	33,801
Cash and cash equivalents at end of period	175,196	52,890

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared under historical cost convention, as modified by the fair value 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The preparation of condensed consolidated interim 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.

The condensed consolidated interim financial statements and selected explanatory 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 issuance of the 2016/2017 annual accounts. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of accounts prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2017. In the current interim period, the Group has applied 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 2017. The application of new or revised standards, amendments to HKFRSs and interpretations in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

The Group has not early applied the new or revised standards, amendments or interpretations that have been issued but are not yet effective. Based on preliminary assessment, the Group has the following updated information about the standards issued but not yet effective and applied by the Group, which is relevant to the Group:

HKFRS 9 Financial instrument

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets. The group plans to adopt this new standard from 1 April 2018.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

Key requirements of HKFRS 9 which are relevant to the Group:

(a) *Measurement and recognition*

All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. Impairment test is no longer required for FVTOCI equity securities.

Based on the preliminary assessment, the directors of the company expect that its "Trading Securities" currently measured at "FVTPL" will continue to be measured on the same basis under HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale financial assets", these are investments in equity securities which the group may classified as either FVTPL or irrecoverably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group plans to elect to designate these investments as FVTOCI equity securities. This election has no impact on the measurement of these assets. Once the election is made the fair value gains or losses accumulated in the fair value reserve account will not be reclassified to profit or loss upon disposal, which is different from the current accounting treatment. This change in policy will have no significant impact on the Group's net assets, but will affect future reported performance amounts such as profit and earnings per share after the adoption of HKFRS 9.

(b) *Impairment of Financial Assets*

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss ("ECL") model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model may result in an earlier recognition of credit losses on the group's rental receivables and other financial assets.

The new standard also expands disclosure requirement and changes in presentation, which will be reflected in the year of adoption.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

Changes in accounting policies resulting from the adoption of HKFRS 9 will be generally applied retrospectively, except for hedging account and where the standard provides transition exemptions. As the Group plans to apply the transition exemptions, comparative information for prior periods with respect to classification and measurement (including impairment), changes will not be restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will generally be recognized as an adjustment to the opening balance of retained profit (or other component of equity) in the year of adoption, i.e. on 1 April 2018.

Other than as described above, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations issued but not yet effective will have no material impact on the results and financial position of the Group.

The financial information relating to the year ended 31 March 2017 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2017 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. SEGMENT INFORMATION

For the purpose of assessing segment performance and making decision about operating matters, the Group's chief operating decision maker based on the internal reports about operating segments of the Group to allocate resources and assess their performance and manage the Group's reportable segments.

The Group regards the Executive Directors as the chief operating decision maker.

The principal activities of each segment are as follows:

Securities investment	– securities investment for short-term and long-term
Property leasing	– letting properties
Property development	– developing properties

2. SEGMENT INFORMATION (Cont'd)

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

STATEMENT OF PROFIT OR LOSS	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	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
– external customer	5,284	4,091	9,536	9,585	–	–	14,820	13,676
Segment results	4,806	3,373	8,062	7,895	(44)	37	12,844	11,305
Gain on disposal of available-for-sale financial assets	4,354	6,356	–	–	–	–	4,354	6,356
Fair value gain on trading securities	6,676	6,388	–	–	–	–	6,676	6,388
Fair value gain/(loss) on investment properties	–	–	17,200	(10,300)	–	–	17,200	(10,300)
Fair value gain on property held for or under development	–	–	–	–	2,712	310	2,712	310
Results before interest, tax and corporate expenses	15,836	16,117	25,282	(2,405)	2,668	347	43,786	14,059
Gain on disposal of subsidiary							95,702	–
Disposal-related cost							(333)	–
Interest income							72	20
Finance cost							(289)	(288)
Unallocated corporate expenses							(622)	(655)
Profit before taxation							138,316	13,136
Taxation							(1,267)	(1,277)
Profit after taxation							137,049	11,859

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

2. SEGMENT INFORMATION (Cont'd)

An analysis of the Group's segment assets and liabilities are as follows:

STATEMENT OF FINANCIAL POSITION	Securities investment		Property leasing		Property development		Consolidated total	
	As at 30	As at 31	As at 30	As at 31	As at 30	As at 31	As at 30	As at 31
	September	March	September	March	September	March	September	March
	2017	2017	2017	2017	2017	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Segment assets	188,934	169,118	625,339	607,465	4,780	15,136	819,053	791,719
Tax recoverable	-	-	-	26	-	-	-	26
	188,934	169,118	625,339	607,491	4,780	15,136	819,053	791,745
Unallocated corporate assets							162,357	51,253
Consolidated total assets							981,410	842,998
Liabilities								
Segment liabilities	274	720	27,207	28,998	148	81	27,629	29,799
Tax payable and deferred taxation	-	-	2,257	1,022	6	-	2,263	1,022
	274	720	29,464	30,020	154	81	29,892	30,821
Unallocated corporate liabilities							1,660	1,065
Consolidated total liabilities							31,552	31,886

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). Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of certain corporate liabilities.

3. KEY EVENTS AND EVENTS AFTER THE REPORTING PERIOD

On 27 September 2017, the Company completed the disposal of the entire issued capital of Winful Far East Limited ("Winful"), a wholly-owned subsidiary of the company, at consideration of HK\$108,802,400 (inclusive of shareholder's loan of HK\$20,068,593). Winful mainly holds the land located at Lot Nos. 42RP and 122RP in DD 121 Yuen Long, New Territories. The transaction generated the gain of HK\$95,702,000 in the first half of the financial year.

On 24 October 2017, YLH Limited, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement for the disposal of properties comprising of all those shops on ground floor of Nos. 4, 6, 6A, 8 and 10 Nam Kok Road and first floor on No. 4 Nam Kok Road, Kowloon (the "NKR Properties") at a selling price of HK\$320,000,000. The transaction is subject to the shareholders' approval in the forthcoming extraordinary general meeting of the Company. Should the transaction be approved, the transaction is expected to be completed on or before 9 February 2018 and generate a capital gain of approximate of HK\$185,150,000 (after deducting incidental cost and carrying value of the NKR Properties as at 31 March 2017) in the second half of the financial year.

4. REVENUE

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Gross rental income from investment properties	9,536	9,585
Dividend income from listed investments		
– trading securities	1,820	1,696
– available-for-sale financial assets	2,026	2,157
	3,846	3,853
Net result of trading in securities	1,438	238
	14,820	13,676

5. OTHER REVENUE

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Bank interest income	72	20
Sundry income	87	57
	159	77

6. TAXATION

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Provision for Hong Kong profits tax for current period	(1,241)	(1,243)
Deferred tax	(26)	(34)
Total income tax	(1,267)	(1,277)

Provision for Hong Kong profits tax is made at 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

7. EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of basic earnings per share is based on the consolidated profit after taxation of HK\$137,049,000 (2016: HK\$11,859,000) and on 40,000,000 shares (2016: 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 (2016: Nil).

8. PROPERTY HELD FOR OR UNDER DEVELOPMENT

Fair value	(Unaudited) As at 30 September 2017	(Audited) As at 31 March 2017
	HK\$'000	HK\$'000
At the beginning of the period/year	15,100	12,410
Additions	68	399
Disposals (through the disposal of subsidiary)	(13,100)	-
Increase in fair value	2,712	2,291
At the end of the period/year	4,780	15,100

The properties held for or under development are situated in Hong Kong and held under medium term leases. The properties were revalued at 30 September 2017 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

On 27 September 2017, the Company completed the disposal of the entire issued capital of Winful, a wholly-owned subsidiary of the company, at a consideration of HK\$108,802,400 (inclusive of shareholder's loan of HK\$20,068,593). Winful mainly holds the land located at Lot Nos. 42RP and 122RP in DD 121 Yuen Long, New Territories. The transaction generated the gain of HK\$95,702,000 for the six months ended 30 September 2017 in the condensed consolidated statement of profit or loss.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Listed shares in Hong Kong, at fair value		
At the beginning of the period/year	107,551	98,752
Additions	5,166	1,596
Disposals	(5,404)	(8,556)
Increase in fair value	9,870	15,759
At the end of the period/year	117,183	107,551

10. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 30 September 2017 HK\$'000	(Audited) As at 31 March 2017 HK\$'000
Rental receivables		
– Within 30 days	236	286
– Within 31 days to 60 days	134	134
– Within 61 days to 90 days	124	124
Other receivables	494	544
	138	1,367
Rental and other receivables, unimpaired (note a)	632	1,911
Deposits and prepayments	271	330
	903	2,241

Note:

- (a) Normally, monthly rentals are payable in advance by tenants in accordance with the leases. The rental receivables and other receivables (mainly including dividend receivable from listed shares and bank interest receivable) of the Group were current and were aged less than 90 days. The aging analysis is based on first date on each month in accordance with the leases. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 September 2017	(Audited) As at 31 March 2017
	HK\$'000	HK\$'000
Rental deposits received	3,264	3,264
Receipts in advance	194	202
Unclaimed dividends	454	311
Accrued expenses	1,839	2,585
	5,751	6,362

12. BANK BORROWINGS – SECURED

The bank loans are repayable as follows:

	(Unaudited) As at 30 September 2017	(Audited) As at 31 March 2017
	HK\$'000	HK\$'000
Current liabilities		
Within one year	1,930	1,930
After one year but not exceeding two years	10,845	1,930
After two years but not exceeding five years	10,645	20,524
	23,420	24,384

As at 30 September 2017, the bank loans are secured by investment properties with fair value of HK\$203,100,000 (31 March 2017: HK\$199,500,000), and bear interest at 2% above Hong Kong Interbank Offered Rate, or 1% per annum below Hong Kong Dollars Best Lending Rate of a commercial bank in Hong Kong. During the six months ended 30 September 2017, interest on bank borrowings was HK\$289,000 (2016: HK\$288,000).

The Group needs to fulfill certain covenants on loan-to-security value ratio. If the Group were to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties collected by the bank. The Group regularly monitors its compliance with these covenants.

The Company has executed a corporate guarantee amounting to HK\$82,900,000 (31 March 2017: HK\$82,900,000) in favour of the bank for securing the aforesaid loans. The bank loans are renewable annually and will be reviewed in April 2018.

The directors consider the carrying amount of the bank borrowings approximate to its fair value.

13. SHARE CAPITAL

	(Unaudited)		(Audited)	
	As at 30 September 2017		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount
	HK\$'000			HK\$'000
Issued and fully paid				
Ordinary shares	40,000,000	40,000	40,000,000	40,000

14. DIVIDENDS

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
Dividends attributable to the period –		
Final dividend at HK\$0.12 (2016: HK\$0.12) per ordinary share paid during the period	4,800	4,800
Interim dividend at HK\$0.02 (2016: HK\$0.02) per ordinary share declared after the reporting period end (<i>note</i>)	800	800
Special dividend at HK\$0.10 (2016: Nil) per ordinary share declared after the reporting period end (<i>note</i>)	4,000	–
	9,600	5,600

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

15. DISPOSAL OF SUBSIDIARY

The Company disposed of a subsidiary during the period ended 30 September 2017. The disposal which was completed during the period ended 30 September 2017 had the following effect on the Group's assets and liabilities:

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Property held for or under development (<i>note 8</i>)	13,100	–
Net assets	13,100	–
Net gain on disposal	95,702	–
Total consideration	108,802	–
Cash consideration received and net cash inflow in respect of the disposal	108,802	–

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value

Fair value Hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring fair value measurement					
Financial assets:	Level 1	Level 2	Level 3	Total	Carrying value
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 September 2017					
Available-for-sale financial assets					
– listed shares in HK	117,183	–	–	117,183	117,183
Trading securities – listed shares in HK	61,600	–	–	61,600	61,600
	178,783	–	–	178,783	178,783
As at 31 March 2017					
Available-for-sale financial assets					
– listed shares in HK	107,551	–	–	107,551	107,551
Trading securities – listed shares in HK	59,251	–	–	59,251	59,251
	166,802	–	–	166,802	166,802

During the period, there was no transfer of financial instruments between different levels of fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

INTERIM AND SPECIAL DIVIDENDS

The board has resolved to pay an interim dividend of 2 HK cents per share (2016: 2 HK cents) and a special dividend of 10 HK cents per share (2016: Nil), totaling HK\$4,800,000 (2016: HK\$800,000). Such dividends will be paid on or about 10 January 2018 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 20 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 15 December 2017 to Wednesday, 20 December 2017, both days inclusive. To qualify for the interim dividend and special 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 Thursday, 14 December 2017.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2017, 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 issued ordinary shares held				Total	Approximate percentage of issued share capital of the Company
		Family interests	Corporate interests	Other interests			
Executive directors:							
Ng Tai Wai	3,899,077	-	3,370,500*	-	7,269,577	18.2%	
Ng Tai Yin Victor	1,886,000	-	-	-	1,886,000	4.7%	
Non-executive directors:							
So Kwok Leung	5,961,077	-	-	-	5,961,077	14.9%	
So Kwok Wai Benjamin	4,989,923	36,000	-	-	5,025,923	12.6%	
Ng Kwok Fun	105,000	-	-	-	105,000	0.3%	

* 3,370,500 shares attributable to Mr. Ng Tai Wai and Mr. Ng See Wah (deceased), a substantial shareholder, were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai and Mr. Ng See Wah (deceased).

DIRECTORS' INTERESTS IN SECURITIES (Cont'd)

Save as disclosed above, 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 2017, the following person (other than certain directors of the company) had interest or short positions in the shares or underlying shares of the company which have rights to exercise or control the exercise of 5% or more of the voting power at any general meetings of the company, as recorded in the register required to be kept by the company pursuant to section 336 of the SFO:

Name	Personal interests	Number of issued ordinary shares held			Total	Approximate percentage of issued share capital of the Company
		Family interests	Corporate interests	Other interests		
Ng See Wah (deceased)	9,429,923	-	3,370,500*	-	12,800,423	32.0%

* 3,370,500 shares attributable to Mr. Ng Tai Wai, a chairman and an executive director, and Mr. Ng See Wah (deceased) were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng Tai Wai, a chairman and an executive director, and Mr. Ng See Wah (deceased).

Save as disclosed above, according to the register kept by the company under section 336 of the SFO and so far as was known to the company, there was no other person who, as at 30 September 2017, had an interest or short position in the shares or underlying shares of the company.

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 for Securities Transactions by Director of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Specific enquiries were made of all directors and the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the period ended 30 September 2017.

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 2017, the Group had 4 (2016: 4) employees (excluding 2 executive directors). The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on the skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of the Group's employees are periodically reviewed objectively and according to the individual performance. The total staff cost, including mandatory provident fund contribution of HK\$29,000 (2016: HK\$27,000), was HK\$599,000 (2016: HK\$539,000) for the six months ended 30 September 2017.

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 2017 in compliance with the code provisions set out in the "Corporate Governance Code" 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;
- 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; and
- The Group has not arranged appropriate insurance cover in respect of legal action against its directors. As the board considers that the board adopts prudent management policy, the need for insurance policy will be reviewed from time to time.

BUSINESS REVIEW AND PROSPECTS

Business review

The Group's turnover for the period amounted to HK\$14,820,000, representing an increase by HK\$1,144,000 (or 8.4%), as compared to the same period in last year.

During the period, the Group recorded a historic profit of HK\$137,049,000, representing an increase by HK\$125,190,000 (or 10.5 times) as compared to the same period in last year. The increase was mainly due to an one-off gain of HK\$95,702,000 arising from disposal of a subsidiary of the Group (2016: Nil). Excluding such extra-ordinary gain and fair value gain of investment properties of HK\$17,200,000, the Group's profit amounted to HK\$24,147,000 and, excluding fair value loss of investment properties of HK\$10,300,000 for comparison to the same period in last year, there would be an increase of HK\$1,988,000 (or 9%).

Property leasing

The Group's property leasing business remained steady. The rental income of the Group's was HK\$9,536,000 (2016: HK\$9,585,000) during the period. The result (excluding a fair value gain of HK\$17,200,000) of the Group's property leasing business increased by HK\$187,000 (or 2.4%) to HK\$8,082,000, as compared to the same period in last year.

As the Hong Kong Property market rebounded smoothly, the Group's fair value of investment properties increased slightly by HK\$17,200,000 (or 2.9%) (2016: fair value loss of HK\$10,300,000). As at 30 September 2017, the carrying value of investment properties was HK\$620,000,000 (31 March 2017: HK\$602,800,000).

On 24 October 2017, YLH Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Sale and Purchase Agreement with an independent third party for the disposal of its properties, comprising of all those shops on ground floor of Nos. 4, 6, 6A, 8 and 10 Nam Kok Road and first floor on No. 4 Nam Kok Road, Kowloon (the "NKR Properties") at a selling price of HK\$320,000,000. The transaction is scheduled to be completed on or before 9 February 2018, subject to the shareholders' approval for such disposal in forthcoming extraordinary general meeting of the Company. Should the transaction be approved and completed, the expected gain before and after taxation will be approximately HK\$185,150,000 and HK\$185,000,000 respectively and reported in the second half of the financial year.

The Board (including all independent non-executive directors) considered that the terms of the aforesaid disposal were on normal commercial terms and were fair and reasonable and in the interest of the Group and shareholders of the Company as a whole.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Property development

The Group recorded a fair value gain of HK\$2,712,000 (2016: HK\$310,000) on property held for or under development during the period.

On 27 September 2017, the Company completed the disposal of the 100% equity interest in Winful Far East Limited, a wholly-owned subsidiary of the company, which was principally holding the land located at Lot Nos. 42RP and 122RP in DD 121 Yuen Long, Ping Shan, New Territories, at a consideration of HK\$108,802,400 (including the shareholders' loan of HK\$20,068,593). The transaction generated an one-off gain of HK\$95,702,000 in the first half of the financial year.

Supported with available funds from the above transaction, the Group will continue to evaluate the potential investment of the Group's existing re-development sites and/or other re-development projects.

Securities investment

Dividend income slightly decreased by HK\$7,000 (0.2%) to HK\$3,846,000 as compared to the same period in last year.

During the period, the Group recorded a realised gain on disposal of trading securities of HK\$1,438,000 (2016: HK\$238,000) and a realised gain on disposal of available-for-sale financial assets of HK\$4,354,000 (2016: HK\$6,356,000). The gain on disposal of available-for-sale financial assets was mainly attributable to the sale of various securities, including New World Development Company Limited (stock code: 17), BOC Hong Kong (Holdings) Limited (stock code: 2388) and Sunevision Holdings Limited (stock code: 8008), at a total consideration of approximately of HK\$6,386,000. During the period, the Group recorded an unrealised gain on trading securities of HK\$6,676,000 (2016: HK\$6,388,000) and unrealised gain on available-for-sale financial assets of HK\$9,870,000 (2016: HK\$13,537,000) which were recorded in statement of profit or loss and other comprehensive income respectively.

As at 30 September 2017 the Group's listed share investment portfolios had an aggregate fair value of HK\$178,783,000 (31 March 2017: HK\$166,802,000).

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Securities investment (Cont'd)

Details of the group's share investment portfolios as at 30 September 2017 for long-term and trading purpose are set out in Table 1 and Table 2 below, respectively:

Table 1: Details of the Group's Share Investment Portfolio for Long-Term Purpose

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2017 (HK'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the period (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 5	HSBC Holdings Plc	Financials	23,674	25,716	2.6%	4,441	-	521
2. 2	CLP Holdings Limited	Utilities	10,422	23,985	2.4%	(390)	-	354
3. 17	New World Development Co. Ltd.	Properties & Construction	15,523	19,709	2.0%	2,883	1,366	-
4. 388	Hong Kong Exchanges and Clearing Limited	Financials	10,981	11,247	1.1%	759	-	242
5. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	9,999	1.0%	421	-	273
6. 1113	CK Assets Holdings Limited	Properties & Construction	-	6,472	0.7%	1,232	-	157
	Others (note (1))		19,814	20,055	2.0%	514	2,988	479
	Total		89,893	117,183	11.8%	9,870	4,354	2,026

Note (1): Other securities included 7 stocks listed in Hong Kong. 5 of which were current constituents of Hang Seng Index and their principal businesses mainly included conglomerates, properties and construction, and financials. The market value for each individual stock was less than 5% of the market value of the group's share investment portfolio for long term purpose.

Note (2): The Group held less than 1% interest of issued share capital for each underlying company.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Securities investment (Cont'd)

Table 2: Details of the Group's Share Investment Portfolio for Trading Purpose

Stock code	Stock name	Principal business	Investment Costs (HK\$'000)	Fair value at 30.9.2017 (HK\$'000)	Proportional to total assets of the Group	Fair value gain/(loss) during the period (HK\$'000)	Gain on disposal (HK\$'000)	Dividend income (HK\$'000)
1. 5	HSBC Holdings Plc	Financials	27,172	25,082	2.6%	4,331	-	509
2. 388	Hong Kong Exchanges and Clearing Limited	Financials	5,670	11,774	1.2%	795	-	253
3. 1398	ICBC - H Shares	Financials	8,388	7,527	0.8%	923	-	313
4. 3988	Bank of China Limited - H Shares	Financials	6,556	6,807	0.7%	(18)	-	306
5. 12	Henderson Land Development Company Limited	Properties & Construction	3,085	4,825	0.5%	748	477	216
	Others (note (1))		8,866	5,585	0.6%	(103)	961	223
	Total		59,737	61,600	6.4%	6,676	1,438	1,820

Note (1): Other securities included 4 stocks listed in Hong Kong. 2 of which were current constituents of Hang Seng Index and their principal businesses mainly included financials and energy. The market value for each individual stock was less than 5% of the market value of the group's trading securities portfolio.

Note (2): The Group held less than 1% interest of issued share capital for each underlying company.

Liquidity and financial resources

As at 30 September 2017, the Group's total bank borrowings were HK\$23,420,000, which were wholly repayable within 5 years (31 March 2017: HK\$24,384,400). The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 3.0% to 2.5%. Also, the Group had banking credit facilities of HK\$50,000,000 not yet utilised. The Group's banking facilities are renewable annually and will be due for negotiation in April 2018.

As at 30 September 2017, the Group held cash of HK\$175,196,000 (31 March 2017: HK\$54,241,000). Despite of increased cash reserve, the management adopts a prudent financial policy so that the Group continues to maintain adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations. The management will utilize part of the existing credit facilities, when necessary, to increase the cash reserve of the Group for potential investment in future. In the long run, the Group will continue to adopt an optimum financial structure for the best interest of shareholders.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Assets pledged

As at 30 September 2017, the investment properties of the Group with an aggregate carrying value of HK\$203,100,000 (31 March 2017: HK\$199,500,000) were pledged to a bank to secure general banking facilities granted to the Group.

Prospects

At present, the property market in Hong Kong remains rational and stable. The Group expects the market rent to increase very moderately, and may move towards the horizontal trend. The disposal of NKR Property in February 2018, subject to approval by the shareholders, will result in a drop of 10% to 15% of the Group's rental income in the next financial year. Nevertheless, the disposal will realize of substantial capital gain for the Group and accumulate ample cash reserves for sizable property investments by the Group in future.

Facing with the persistent low interest rate and strong cash flow in the market, the Group anticipates the value of property in Hong Kong to remain strong. In addition to maintaining high occupancy rate with reasonable market return, the Group will maintain its current business strategy plan for identifying high yield property investments and at the same time evaluate and balance the risk and return for each potential investment.

The global economy confronts many uncertainties including interest rates movement and global economic effect after the Brexit. The Group expects the security market to remain volatile. The Group will keep a close watch of market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to realize the returns of the shareholders of the Group.

By order of the board

Ng Tai Wai

Chairman

Hong Kong, 30 November 2017

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

INDEPENDENT REVIEW REPORT

To The Board of Directors of
WINFAIR INVESTMENT COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 1 to 19, which comprises the condensed consolidated statement of financial position of Winfair Investment Company Limited (the “Company”) and its subsidiaries (thereinafter collectively referred to as the “Group”) as of 30 September 2017, and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report 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 of the company are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial report 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 report 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 report is not prepared, in all material respects, in accordance with HKAS 34.

Wong Brothers & Co.
Certified Public Accountants

Hong Kong, 30 November 2017