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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)

2018/19 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 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

		(Unaudited) Six months ended 30 September	
	Notes	2018 HK\$'000	2017 (i) HK\$'000
Revenue	4	14,059	14,820
Other revenue	5	2,676	159
Gain on disposal of available-for-sale financial assets		--	4,354
Gain on disposal of subsidiary		--	95,702
Gain on disposal of investment properties		82,320	--
Fair value (loss)/gain on trading securities		(8,126)	6,676
Fair value (loss)/gain on investment properties		(17,490)	17,200
Fair value gain on properties held for or under development		40	2,712
Administrative and general expenses [including depreciation of HK\$40,000 (2017: HK\$40,000)]		(2,868)	(3,018)
Finance cost		(369)	(289)
Profit before taxation		70,242	138,316
Taxation	6	(968)	(1,267)
Profit after taxation attributable to the equity shareholders of the Company		69,274	137,049
Earnings per share (Basic and diluted)	7	173.2 HK cents	342.6 HK cents

Note (i): The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the six months ended 30 September 2018

	(Unaudited)	
	Six months ended	
	30 September	
	2018	2017 (i)
	HK\$'000	HK\$'000
Profit for the period	69,274	137,049
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss</i>		
Decrease in fair value of FVTOCI equity investment	(2,594)	--
<i>Items that may be reclassified subsequently to profit or loss</i>		
Increase in fair value of available-for-sale financial assets	--	9,870
Release of fair value reserve upon disposal of available-for-sale financial assets (ii)	--	(3,373)
	(2,594)	6,497
Total comprehensive income, net of tax, for the period attributable to equity shareholders of the Company	66,680	143,546

Notes:

- (i) The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.
- (ii) This amount arose under the accounting policies applicable prior to 1 April 2018. As part of the opening balance adjustments as at 1 April 2018 the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	(Unaudited)		(Audited)	
		As at 30 September 2018	As at 30 September 2018	As at 31 March 2018 (i)	As at 31 March 2018 (i)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment			1,673		1,713
Investment properties	8		529,700		514,100
Properties held for or under development			4,930		4,890
FVTOCI equity investment – equity shares listed in Hong Kong	9		116,218		--
Available-for-sale financial assets – equity shares listed in Hong Kong	10		--		115,598
Deposit for acquisition of investment properties			--		27,040
			<u>652,521</u>		<u>663,341</u>
Current assets					
Trading securities – equity shares listed in Hong Kong		78,517		69,225	
Trade and other receivables	11	720		2,542	
Tax recoverable		--		3	
Cash and bank balances		<u>523,073</u>	<u>602,310</u>	<u>462,391</u>	<u>534,161</u>
Current liabilities					
Trade and other payables	12	8,916		5,467	
Bank borrowings – secured	13	21,490		22,455	
Tax payable		<u>1,097</u>	<u>(31,503)</u>	<u>147</u>	<u>(28,069)</u>
Net current assets			<u>570,807</u>		<u>506,092</u>
Total assets less current liabilities			1,223,328		1,169,433
Non-current liabilities					
Provision for long service payments		118		118	
Deferred taxation		<u>841</u>	<u>(959)</u>	<u>826</u>	<u>(944)</u>
NET ASSETS			<u>1,222,369</u>		<u>1,168,489</u>
CAPITAL AND RESERVES					
Share capital	14		40,000		40,000
Reserves			<u>1,182,369</u>		<u>1,128,489</u>
			<u>1,222,369</u>		<u>1,168,489</u>

Note (i): The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2018

		(Unaudited)					
		Attributable to equity shareholders of the Company					
Notes	Share capital HK\$'000	Capital reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000	
As at 1 April 2017	40,000	251	40,915	--	729,946	811,112	
Dividend paid							
- 2016/17 final dividend (HK\$0.12 per share)	15	--	--	--	(4,800)	(4,800)	
Profit for the period	--	--	--	--	137,049	137,049	
Other comprehensive income for the period							
<i>Items that may be reclassified subsequently to profit or loss</i>							
- 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	
Dividend paid							
- 2017/18 interim dividend (HK\$0.02 per share)	15	--	--	--	(800)	(800)	
- 2017/18 interim special dividend (HK\$0.10 per share)	15	--	--	--	(4,000)	(4,000)	
Profit for the period	--	--	--	--	224,137	224,137	
Other comprehensive income for the period							
<i>Items that may be reclassified subsequently to profit or loss</i>							
- Increase in fair value of available-for-sale financial assets	--	--	372	--	--	372	
- Release of fair value reserve upon disposal of available-for-sale financial assets	--	--	(1,122)	--	--	(1,122)	
Total comprehensive income for the period	--	--	(750)	--	224,137	223,387	
Unclaimed dividend forfeited	--	--	--	--	44	44	
As at 31 March 2018	40,000	251	46,662	--	1,081,576	1,168,489	

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under transition method chosen, comparative information is not restated.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
For the six months ended 30 September 2018

		(Unaudited)					
		Attributable to equity shareholders of the Company					
Notes	Share capital HK\$'000	Capital reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000	
As at 31 March 2018	40,000	251	46,662	--	1,081,576	1,168,489	
Impact on initial application of HKFRS 9	1	--	(46,662)	46,662	--	--	
As at 1 April 2018	40,000	251	--	46,662	1,081,576	1,168,489	
Dividend paid							
- 2017/18 final dividend (HK\$0.12 per share)	15	--	--	--	(4,800)	(4,800)	
- 2017/18 final special dividend (HK\$0.20 per share)	15	--	--	--	(8,000)	(8,000)	
- Fair value reserve (non-recycling) transferred to retained profits upon disposal of FVTOCI equity investment		--	--	(2,932)	2,932	--	
Profit for the period		--	--	--	69,274	69,274	
Other comprehensive income for the period							
<u>Items that will not be reclassified to profit or loss</u>							
- Decrease in fair value of FVTOCI equity investment		--	--	(2,594)	--	(2,594)	
Total comprehensive income for the period		--	--	(2,594)	69,274	66,680	
As at 30 September 2018	40,000	251	--	41,136	1,140,982	1,222,369	

Note: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2018

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 2017/2018 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 2018 except that the Group has changed certain accounting policies following adoption of the new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2018.

Except for the impact disclosed below, 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 major changes to the accounting policies which are relevant to the Group’s financial statements are summarised as follows:

HKFRS 9 Financial instrument

HKFRS 9 replaces HKAS 39 “Financial Instruments: Recognition and Measurement”. It sets out the requirements and measurement of financial assets, financial liabilities, and contracts to buy or sell non-financial items.

1. Basis of preparation and principal accounting policies (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with transition requirement. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on reserves at 1 April 2018:

	HK\$'000
<u>Fair value reserve (recycling)*</u>	
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at FVTOCI	<u>(46,662)</u>
Decrease in fair value reserve (recycling) at 1 April 2018	<u>(46,662)</u>
<u>Fair value reserve (non-recycling)</u>	
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVTOCI	<u>46,662</u>
Increase in fair value reserve (non-recycling) at 1 April 2018	<u>46,662</u>

*Fair value reserve (recycling) included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) Classification of Financial Assets and Financial Liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's four classification categories: held-to-maturity investments, loans and receivables, available-for-sale and financial assets measured at FVTPL.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest.
- FVTOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale.
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1. Basis of preparation and principal accounting policies (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

(a) Classification of Financial Assets and Financial Liabilities (Cont'd)

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9:

	Carrying amount at 31 March 2018 under HKAS 39 HK\$'000	Reclassification HK\$'000	Carrying amount at 1 April 2018 under HKFRS 9 HK\$'000
<i>Financial assets carried at amortised cost</i>			
Cash and bank balances	462,391	--	462,391
Trade and other receivables	2,542	--	2,542
	464,933	--	464,933
<i>Financial assets measured at FVTOCI (non-recycling)</i>			
FVTOCI equity investment - equity shares listed in HK (note (i))	--	115,598	115,598
<i>Financial assets measured at FVTPL</i>			
Trading securities (note (ii))	69,225	--	69,225
<i>Financial assets classified as available-for-sale financial assets under HKAS 39</i>			
Available-for-sale financial assets - equity shares listed in HK (note (i))	115,598	(115,598)	--

Notes:

- (i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVTPL under HKFRS 9, unless they are eligible for and designated at FVTOCI by the Group. At 1 April 2018, The Group elected to designate these investments as FVTOCI equity investment as the Group holds these investments for long-term and strategic purpose.
- (ii) "Trading Securities" were classified as financial assets at FVTPL under HKAS 39. These assets continue to be measured at FVTPL under HKFRS 9.

1. Basis of preparation and principal accounting policies (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

(a) Classification of Financial Assets and Financial Liabilities (Cont'd)

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 April 2018.

(b) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 by the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than the "incurred loss" accounting model in HKAS 39. The ECL model applies to the Group's financial assets measured at amortised cost, but not to the Group's financial assets measured at fair value.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effect. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For the Group's rental and other receivables, the loss allowance is measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For the Group's other financial assets measured at amortised cost, the loss allowance is measured at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

There is no material impact on the ECLs of the Group due to the change in accounting policy.

1. Basis of preparation and principal accounting policies (Cont'd)

HKFRS 9 Financial instrument (Cont'd)

(c) Impact on the condensed consolidated financial statements as at 30 September 2018

The amount by each financial statements' line items affected in the current period and period to date by the application of HKFRS 9 as compared to HKAS 39 that was previously in effect before the adoption of HKFRS 9 is as follows:

	Before adoption of HKFRS 9 HK\$'000	Impact from adoption of HKFRS 9 HK\$'000	Amount as reported HK\$'000
Condensed consolidated statement of profit or loss (extract)			
Gain on disposal of available-for-sale financial assets	2,932	(2,932)	--
Profit before taxation	73,174	(2,932)	70,242
Less: Taxation	(968)	--	(968)
Profit for the period	72,206	(2,932)	69,274
Earnings per share	180.5 HK cents	7.3 HK cents	173.2 HK cents
Condensed consolidated statement of profit or loss and other comprehensive income (extract)			
Profit for the period	72,206	(2,932)	69,274
Other comprehensive income			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
- Decrease in fair value of FVTOCI equity investment	--	(2,594)	(2,594)
<u>Items that may be reclassified subsequently to profit or loss:</u>			
- Decrease in fair value of available-for-sale financial assets	(2,594)	2,594	--
- Release of fair value reserve upon disposal of available-for-sale financial assets	(2,932)	2,932	--
Total comprehensive income	66,680	--	66,680

The adoption of HKFRS 9 has no impact on the net cash flow from operating, investing and financing activities on the condensed consolidated statement of cash flows and has no impact on net assets of the Group.

1. Basis of preparation and principal accounting policies (Cont'd)

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 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 2018 that is included in this announcement for the six months ended 30 September 2018 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 2018 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

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
– external customer	<u>5,267</u>	<u>5,284</u>	<u>8,792</u>	<u>9,536</u>	<u>--</u>	<u>--</u>	<u>14,059</u>	<u>14,820</u>
Segment results	4,749	4,806	7,153	8,082	39	(44)	11,941	12,844
Gain on disposal of available-for-sale financial assets	--	4,354	--	--	--	--	--	4,354
Gain on disposal of investment properties	--	--	82,320	--	--	--	82,320	--
Fair value (loss)/gain on trading securities	(8,126)	6,676	--	--	--	--	(8,126)	6,676
Fair value (loss)/gain on investment properties	--	--	(17,490)	17,200	--	--	(17,490)	17,200
Fair value gain on property held for or under development	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>40</u>	<u>2,712</u>	<u>40</u>	<u>2,712</u>
Results before interest, tax and corporate expenses	<u>(3,377)</u>	<u>15,836</u>	<u>71,983</u>	<u>25,282</u>	<u>79</u>	<u>2,668</u>	68,685	43,786
Gain on disposal of subsidiary							--	95,702
Disposal-related cost							--	(333)
Interest income							2,619	72
Finance cost							(369)	(289)
Unallocated corporate expenses							<u>(693)</u>	<u>(622)</u>
Profit before taxation							70,242	138,316
Taxation							<u>(968)</u>	<u>(1,267)</u>
Profit after taxation							<u>69,274</u>	<u>137,049</u>

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 September 2018	As at 31 March 2018	As at 30 September 2018	As at 31 March 2018	As at 30 September 2018	As at 31 March 2018	As at 30 September 2018	As at 31 March 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Segment assets	204,106	187,407	535,049	545,601	4,930	4,890	744,085	737,898
Tax recoverable	--	--	--	3	--	--	--	3
	<u>204,106</u>	<u>187,407</u>	<u>535,049</u>	<u>545,604</u>	<u>4,930</u>	<u>4,890</u>	<u>744,085</u>	<u>737,901</u>
Unallocated corporate assets							510,746	459,601
Consolidated total assets							<u>1,254,831</u>	<u>1,197,502</u>
Liabilities								
Segment liabilities	234	1,091	24,600	25,646	151	188	24,985	26,925
Tax payable and deferred taxation	--	--	1,932	973	6	--	1,938	973
	<u>234</u>	<u>1,091</u>	<u>26,532</u>	<u>26,619</u>	<u>157</u>	<u>188</u>	<u>26,923</u>	<u>27,898</u>
Unallocated corporate liabilities							5,539	1,115
Consolidated total liabilities							<u>32,462</u>	<u>29,013</u>

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 28 June 2018, Hing Full Far East Development Limited, a wholly-owned subsidiary of the Company, completed the acquisition of the property located at No. 66 Ma Tau Chung Road, Kowloon at a consideration of HK\$67,600,000. After taking into account the payment of 30% of stamp duty and other incidental costs, the total cost was approximate of HK\$88,690,000.

On 14 August 2018, Konchoy Limited, a wholly-owned subsidiary of the Company, entered into a Provisional Sale and Purchase Agreement (the "Provisional Agreement") with the Purchaser, an independent third party, in relation to the disposal of the property located at No. 96 Bonham Strand, Hong Kong at a selling price of HK\$138,000,000 (the "Disposal"). The Disposal was completed on 20 September 2018 and generated a capital gain of approximate of HK\$82,320,000.

Subsequent to the reporting period, the Group purchased certain listed securities at a total cost of approximate of HK\$8,000,000 for long-term purpose and approximate of HK\$6,000,000 for trading purpose.

Following a decline in Hong Kong Hang Seng Index, the fair value loss of approximately HK\$6,000,000 for the Group's share investment portfolio (for long-term investment and trading purpose) was recorded during the period from 1 October 2018 to 29 November 2018.

4. Revenue

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Gross rental income from investment properties	8,792	9,536
Dividend income from listed investments		
- trading securities	2,148	1,820
- FVTOCI equity investment	2,354	- -
- available-for-sale financial assets	- -	2,026
	4,502	3,846
Net result of trading in securities	765	1,438
	<u>14,059</u>	<u>14,820</u>

5. Other revenue

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Bank interest income	2,619	72
Sundry income	57	87
	<u>2,676</u>	<u>159</u>

6. Taxation

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Provision for Hong Kong profits tax for current period	(953)	(1,241)
Deferred tax	(15)	(26)
Total income tax	<u>(968)</u>	<u>(1,267)</u>

Provision for Hong Kong profits tax is made at 8.25% on estimated assessable profits up to HK\$2,000,000 and 16.5% on any part of estimated assessable profits over HK\$2,000,000 for the period (2017: Provision for Hong Kong profits tax is made at 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\$69,274,000 (2017: HK\$137,049,000) and on 40,000,000 shares (2017: 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 (2017: Nil).

8. Investment properties

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Fair value		
At the beginning of the period/year	514,100	602,800
Additions	88,690	--
Disposals	(55,600)	(133,200)
(Decrease)/increase in fair value	<u>(17,490)</u>	<u>44,500</u>
At the end of the period/year	<u>529,700</u>	<u>514,100</u>

All investment properties of the Group are situated in Hong Kong and held under following lease terms:

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Short term lease	35,700	35,300
Medium term leases	212,900	193,400
Long leases	<u>281,100</u>	<u>285,400</u>
	<u>529,700</u>	<u>514,100</u>

The Group's investment properties were revalued on 30 September 2018 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

At 30 September 2018, the Group's investment properties with aggregate carrying value of HK\$219,700,000 (31 March 2018: HK\$212,700,000) were pledged to a bank to secure general bank facilities of the group.

9. FVTOCI equity investment

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Listed shares in Hong Kong, at fair value		
At the beginning of the period/year	--	--
Initial adoption of HKFRS 9 at 1 April 2018	115,598	--
Additions	7,883	--
Disposals	(4,669)	--
Decrease in fair value	<u>(2,594)</u>	<u>--</u>
At the end of the period/year	<u>116,218</u>	<u>--</u>

10. Available-for-sale financial assets

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Listed shares in Hong Kong, at fair value		
At the beginning of the period/year	115,598	107,552
Initial adoption of HKFRS 9 at 1 April 2018	(115,598)	--
Additions	--	6,075
Disposals	--	(8,271)
Increase in fair value	--	10,242
	<hr/>	<hr/>
At the end of the period/year	--	115,598

11. Trade and other receivables

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Rental receivables		
- Within 30 days	112	130
- Within 31 days to 60 days	58	117
- Within 61 days to 90 days	10	112
	<hr/>	<hr/>
	180	359
Other receivables	356	1,939
	<hr/>	<hr/>
Rental and other receivables, unimpaired (<i>note a</i>)	536	2,298
Deposits and prepayments	184	244
	<hr/>	<hr/>
	720	2,542
	<hr/> <hr/>	<hr/> <hr/>

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.

12. Trade and other payables

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Rental deposits received	2,618	2,772
Receipts in advance	173	177
Unclaimed dividends	4,324	354
Accrued expenses	1,801	2,164
	<u>8,916</u>	<u>5,467</u>

13. Bank borrowings – secured

The bank loans are repayable as follows:

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Current liabilities		
Within one year	10,845	1,930
After one year but not exceeding two years	10,645	10,270
After two years but not exceeding five years	-	10,255
	<u>21,490</u>	<u>22,455</u>

As at 30 September 2018, the bank loans were secured by investment properties with fair value of HK\$219,700,000 (31 March 2018: HK\$212,700,000), carrying 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 2018, interest on bank borrowings was HK\$369,000 (2017: HK\$289,000).

The Group needs to fulfill certain covenants on loan-to-security value ratio. If the Group was to breach the covenants, the drawn down facilities would become payable on demand and the rent of the pledged properties would be 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 2018: 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 2019.

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

14. Share capital

	(Unaudited)		(Audited)	
	As at 30 September 2018		As at 31 March 2018	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Issued and fully paid				
Ordinary shares	<u>40,000,000</u>	<u>40,000</u>	<u>40,000,000</u>	<u>40,000</u>

15. Dividends

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Dividends attributable to the period –		
Final dividend at HK\$0.12 (2017: HK\$0.12) per ordinary share paid during the period	4,800	4,800
Final special dividend at HK\$0.20 (2017: Nil) per ordinary share paid during the period	8,000	- -
Interim dividend at HK\$0.02 (2017: HK\$0.02) per ordinary share declared after the reporting period end (<i>note</i>)	800	800
Interim special dividend at HK\$0.05 (2017: HK\$0.10) per ordinary share declared after the reporting period end (<i>note</i>)	<u>2,000</u>	<u>4,000</u>
	<u>15,600</u>	<u>9,600</u>

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

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	Level 1	Level 2	Level 3	Total	Carrying
Financial assets:	HK\$'000	HK\$'000	HK\$'000	HK\$'000	value
					HK\$'000
As at 30 September 2018					
FVTOCI equity investment					
– listed shares in HK	116,218	--	--	116,218	116,218
Trading securities – listed shares in HK	<u>78,517</u>	<u>--</u>	<u>--</u>	<u>78,517</u>	<u>78,517</u>
	<u>194,735</u>	<u>--</u>	<u>--</u>	<u>194,735</u>	<u>194,735</u>
As at 31 March 2018					
Available-for-sale financial assets					
– listed shares in HK	115,598	--	--	115,598	115,598
Trading securities – listed shares in HK	<u>69,225</u>	<u>--</u>	<u>--</u>	<u>69,225</u>	<u>69,225</u>
	<u>184,823</u>	<u>--</u>	<u>--</u>	<u>184,823</u>	<u>184,823</u>

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 (2017: 2 HK cents) and an interim special dividend of 5 HK cents per share (2017: 10 HK cents), totaling HK\$2,800,000 (2017: HK\$4,800,000). Such dividends will be paid on or about 8 January 2019 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 20 December 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 18 December 2018 to Thursday, 20 December 2018, both days inclusive. To qualify for the interim dividend and the interim 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 Monday, 17 December 2018.

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 2018 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 economic environment;
- The non-executive and independent non-executive directors of the Company are not appointed for a specific term and 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 director as the board considers that the current management policy healthy. However, 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\$14,059,000, representing a decrease by HK\$761,000 (or 5.1%), as compared to the same period in last year. The decrease was mainly due to decrease in rental income following the disposal of Nam Kok Road Property in February 2018.

During the period, the Group recorded a profit of HK\$69,274,000, representing a decrease by HK\$67,775,000 (or 49.5%) as compared to the same period in last year. Although the Group generated a gain on disposal of property investment of HK\$82,320,000 during the period, such gain is comparatively less than the gain on disposal of subsidiary of HK\$95,702,000 in last corresponding period. Excluding the above-mentioned extraordinary profit, the Group's profit was reduced by HK\$54,393,000 (or 131.6%) and the Group recorded a loss of HK\$13,046,000, as compared to a profit of HK\$41,347,000 in the last corresponding period. The decrease was mainly due to (1) fair value losses on investment properties and trading securities of HK\$17,490,000 (2017: fair value gain of HK\$17,200,000) and HK\$8,126,000 (2017: fair value gain of HK\$6,676,000) respectively; and (2) a gain on disposal of FVTOCI equity investment, which was previously classified as available-for-sale financial assets and held for long-term and strategic purpose, was no longer reflected in the profit or loss upon the new adoption of HKFRS 9 at 1 April 2018.

Property leasing

Following the disposal of Nam Kok Road Property in February 2018 and the acquisition of No. 66 Ma Tau Chung Road, Kowloon ("66 MTC Property") in June 2018, the rental income of the Group was HK\$8,792,000 (2017: HK\$9,536,000) during the period, representing a decrease by HK\$744,000 (or 7.8%) as compared to the same period in last year.

In addition to the acquisition of 66 MTC Property in June 2018 at total cost of HK\$88,690,000 (comprising of a consideration of HK\$67,600,000, 30% stamp duty and other incidental costs), the Group sold the property located at No. 96 Bonham Strand, Hong Kong at a consideration of HK\$138,000,000 in September 2018, which generated a capital gain of HK\$82,320,000. The property market in Hong Kong remained stable during the period. However, the Group's fair value of investment properties was slightly reduced by 3.2% and a fair value loss of HK\$17,490,000 was recorded during the period (2017: fair value gain of HK\$17,200,000). The fair value loss was mainly due to the acquisition of 66 MTC Property at a premium price in order to enhance the completeness of the Ma Tau Chung Road Re-development Project ("the MTC Project"). As the re-development of the project has not been started, fair value of 66 MTC Property as at 30 September 2018 was valued by an independent valuer at HK\$43,300,000 and such premium was not reflected in the valuation. As at 30 September 2018, the Group's fair value of investment properties was HK\$529,700,000 (31 March 2018: HK\$514,100,000).

Property development

The Group recorded a fair value gain of HK\$40,000 (2017: HK\$2,712,000) on property held for or under development during the period.

During the period under review, there was no significant profit or loss incurred. For the same period in last year, the Company completed the disposal of the 100% equity interest in Winful Far East Limited, a wholly-owned subsidiary of the Company, which solely held the land located at Lot Nos. 42RP and 122RP in demarcation district 121 Yuen Long, Ping Shan, New Territories. The transaction generated a gain of HK\$95,702,000.

Regarding the land located at Lot No. 2874 RP in demarcation district 130 Tuen Mun, Lam Tei, New Territories, the Group re-applied and re-negotiated with the Lands Department for the proposed change from agricultural land use to commercial use in October 2018. Up to present, the application is still in process.

Securities investment

Dividend income increased by HK\$656,000 (17.1%) to HK\$4,502,000 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\$765,000 (2017: HK\$1,438,000). Upon the adoption of HKFRS 9 at 1 April 2018, the Group elected all long term equity investment, which was previously classified as “available-for-sale financial assets”, as “FVTOCI equity investment”. During the period, the Group realised a gain of HK\$2,932,000, which was directly transferred from fair value reserve (non-recycling) to retained profits. For the same period in last year, the Group realised a gain on disposal of available-for-sale financial assets of HK\$4,354,000 and recorded in the statement of profit or loss under HKAS 39.

Securities investment (Cont'd)

During the period under review, the securities market remained volatile and possibly undergoing correction. The Group considered it might be a good opportunity to strengthen and diversify its share investment portfolio. The Group purchased a certain listed securities at a total cost of approximately HK\$7,900,000 for long-term investment. These included Huaneng Power International Inc. (stock code: 902) and BBMG Corporation (stock code: 2009). The Group also purchased certain listed securities at a total cost of approximately HK\$25,400,000 for trading purpose. These included China Life Insurance Co. Ltd. (stock code: 2628), New World Development Co. Ltd. (stock code: 17) and China Petroleum & Chemicals Corporation (stock code: 386).

During the period, the Group recorded an unrealised loss on trading securities of HK\$8,126,000 (2017: unrealised gain of HK\$6,676,000) and unrealised loss on FVTOCI equity investment of HK\$2,594,000 (2017: unrealised gain on available-for-sale financial assets of HK\$9,870,000) which were recorded in the statement of profit or loss and other comprehensive income respectively. As at 30 September 2018, the Group's listed share investment portfolios had an aggregate fair value of HK\$194,735,000 (31 March 2018: HK\$184,823,000).

Details of the Group's share investment portfolios as at 30 September 2018 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 30.9.2018 (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	25,042	24,490	2.0%	(1,729)	--	553
2. 2	CLP Holdings Limited	Utilities	8,685	22,913	1.8%	3,612	2,932	354
3. 17	New World Development Co. Ltd.	Properties & Construction	13,568	16,284	1.3%	(601)	--	--
4. 388	Hong Kong Exchanges and Clearing Limited	Financials	11,330	12,345	1.0%	(1,685)	--	350
5. 1	CK Hutchison Holdings Limited	Conglomerates	9,479	9,037	0.7%	(371)	--	295
6. 1113	CK Assets Holdings Limited	Properties & Construction	--	5,886	0.5%	(711)	--	175
	Others (note(1))		26,199	25,263	2.0%	(1,109)	--	627
	Total		94,303	116,218	9.3%	(2,594)	2,932	2,354

Note (1): Other securities included 9 stocks listed in Hong Kong. 7 of which were current constituent companies of the Hang Seng Index and their principal businesses mainly included conglomerates, properties and construction, financials and energy. 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.

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 30.9.2018 (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	28,505	23,886	1.9%	(1,686)	--	540
2. 388	Hong Kong Exchanges and Clearing Limited	Financials	6,036	12,923	1.0%	(1,764)	--	367
3. 17	New World Development Co. Ltd.	Properties & Construction	11,034	11,112	0.9%	(342)	--	--
4. 2628	China Life Insurance Co. Ltd. – H Shares	Financials	9,026	7,823	0.6%	(1,203)	--	97
5. 1398	ICBC – H Shares	Financials	8,388	7,436	0.6%	(1,313)	--	339
6. 3988	Bank of China Limited – H Shares	Financials	6,556	6,153	0.5%	(1,308)	--	337
7. 386	China Petroleum & Chemicals Corporation – H Shares	Energy	4,299	4,704	0.4%	360	350	187
8. 12	Henderson Land Development Company Limited	Properties & Construction	3,085	4,036	0.3%	(729)	--	166
	Others (note (1))		4,433	444	0.1%	(141)	415	115
	Total		81,362	78,517	6.3%	(8,126)	765	2,148

Note (1): Other securities included 2 stocks listed in Hong Kong. None of which was current constituent companies of the Hang Seng Index. 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 2018, the Group's total bank borrowings were HK\$21,490,000, which were wholly repayable within 2 years (31 March 2018: HK\$22,454,800 which were wholly repayable with 5 years). All of the Group's bank borrowings are at floating interest rates. The Group's gearing ratio, which was taken as bank borrowings to total shareholders' equity, decreased from 1.9% to 1.8%. The Group also had banking credit facilities of HK\$50,000,000 which has not been utilized. The Group's banking facilities are subject to review annually and will be due for negotiation in April 2019. During the past year, the Group diligently monitored its compliance with the lending bank's covenants on loan-to-security value ratio.

As at 30 September 2018, the Group held an amount of HK\$523,073,000 in cash (31 March 2018: HK\$462,391,000). The management of the Company continues to operate under a prudent financial policy and will implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating and project development expenditure, and loan repayment obligations. The management will utilize additional credit facilities for the Group's proposed acquisitions, when necessary. In the long run, the Group will continue to adopt an optimum financial structure for the best interests of its shareholders in light of changes in economic conditions.

Assets pledged

As at 30 September 2018, the investment properties of the Group with an aggregate carrying value of HK\$219,700,000 (31 March 2018: HK\$212,700,000) were pledged to a bank to secure general banking facilities granted to the Group.

Prospects

Completion of the acquisition of 66 MTC Properties in June 2018 has enhanced the completeness of the MTC Project. The Board plans to demolish and re-construct the building around mid-September 2019. The annual rental would be inevitably reduced by HK\$2 million (or 10% of annual rental income) during the re-development period. The Board expects stamp duty of HK\$17,407,000 to be claimed back in future under the exemption of buyer's stamp duty and ad valorem stamp duty. An interest rate hiking period has commenced since the third quarter of 2018 in Hong Kong. Hong Kong property market is in a correction period, there will be a downward pressure on both rental income and property price in future.

Trade war between US and China has started since June 2018 and there is no concession between the two parties at that moment. In consequence of this, the Group expects the securities market to be more volatile. With ample cash reserve, the Group will keep a close watch of market changes and make appropriate strategic adjustments to the Group's assets portfolio in order to maximize the return to shareholders of the Company. The Group will keep 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.

INDEPENDENT REVIEW

The interim results for the six months ended 30 September 2018 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 company’s Audit Committee.

By order of the board

Ng Tai Wai
Chairman

Hong Kong, 30 November 2018

As at the date of this announcement, 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. Ng Chi Yeung Simon, Ms. Chan Suit Fei Esther and Mr. Heng Pei Neng Roy.