



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

2001/2002 INTERIM REPORT

FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2001

INTERIM RESULTS

The board of directors of Winfair Investment Company Limited (the “company”) announces the unaudited consolidated results of the company and its subsidiaries (the “group”) for the six months ended 30 September 2001. The accounting information contained herein has been reviewed by the company’s audit committee.

Condensed Consolidated Income Statement

For the six months ended 30 September 2001

		(Unaudited)	
		Six months ended	
	<i>Note</i>	30 September 2001 <i>HK\$'000</i>	30 September 2000 <i>HK\$'000</i>
Turnover	3	5,348	5,782
Other revenue	3	<u>765</u>	<u>1,459</u>
		6,113	7,241
Administrative and general expenses (including depreciation of HK\$64,000 (2000: HK\$66,000))		(2,092)	(1,632)
Gain on disposal of investment securities		—	3,326
Provision for diminution in value of investment securities		(4,000)	(2,016)
Net unrealised holding loss on trading and other securities		<u>(1,089)</u>	<u>(1,733)</u>
(Loss)/profit from operations		(1,068)	5,186
Finance cost		<u>—</u>	<u>—</u>
(Loss)/profit before taxation		(1,068)	5,186
Taxation	4	<u>(400)</u>	<u>(530)</u>
(Loss)/profit attributable to shareholders		<u>(1,468)</u>	<u>4,656</u>
(Loss)/earnings per share	5	<u>(3.67) cents</u>	<u>11.64 cents</u>

There were no recognised gains or losses other than the (loss)/profit for the above periods.

Condensed Consolidated Balance Sheet*As at 30 September 2001*

	<i>Note</i>	As at 30 September 2001 (Unaudited)		As at 31 March 2001 (Audited)	
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS					
Non-current assets					
Property, plant and equipment			83,143		83,201
Properties held for or under development			36,096		35,856
Investment securities			45,705		49,446
Other securities			401		685
			<u>165,345</u>		<u>169,188</u>
Current assets					
Trading securities			7,967	8,771	
Stock of land interests			2,537	2,537	
Debtors, deposits and prepayments	6		845	919	
Cash and bank balances			<u>35,444</u>	<u>34,921</u>	47,148
Current liabilities					
Creditors and accruals	7		1,148	1,050	
Deposits received			1,483	1,264	
Income received in advance			34	29	
Provision for long service payments			1,320	1,320	
Provision for taxation			<u>361</u>	<u>213</u>	<u>(3,876)</u>
Net current assets			<u>42,447</u>		<u>43,272</u>
NET ASSETS			<u>207,792</u>		<u>212,460</u>
CAPITAL AND RESERVES					
Share capital	8		40,000	40,000	
Reserves			166,992	169,260	
Proposed dividend			800		3,200
			<u>207,792</u>		<u>212,460</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2001

	(Unaudited)	
	Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000
Net cash inflow from operating activities	3,783	708
Net cash outflow from returns on investments and servicing of finance	(2,502)	(3,356)
Tax paid	(252)	(5,181)
Net cash (outflow)/inflow from investing activities	<u>(506)</u>	<u>6,640</u>
Net cash inflow/(outflow) before financing	523	(1,189)
Financing	<u>—</u>	<u>—</u>
Change in cash and cash equivalents	523	(1,189)
Cash and cash equivalents at beginning of period	<u>34,921</u>	<u>45,781</u>
Cash and cash equivalents at end of period	<u>35,444</u>	<u>44,592</u>

Notes to the Condensed Financial Statements

For the six months ended 30 September 2001

1. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for revaluation of investment properties, and trading and other securities, and in accordance with accounting principles generally accepted in Hong Kong.

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 2.125 “Interim Financial Reporting”. The accounting policies adopted are consistent with those followed in the group’s annual financial statements for the year ended 31 March 2001, except for the changes in certain new/revised SSAPs which have been effective during the period.

In accordance with SSAP 2.109 (revised) “Events after the Balance Sheet Date”, dividends declared or proposed after balance sheet dates should not be recognised as a liability on the balance sheet dates. Accordingly, the proposed final dividend as at 31 March 2001 is reclassified and shown as a separate component of equity in the condensed balance sheet.

In accordance with SSAP 2.126 “Segment Reporting”, the group has modified its basis of identification of reportable segments. Segment disclosures for the six months ended 30 September 2000 have been amended accordingly on a consistent basis.

2. Segment information

The group's segment revenue and segment results for the six months ended 30 September 2001 as analysed by activities are as follows:

	Segment revenue (Unaudited)		Segment results (Unaudited)	
	Six months ended		Six months ended	
	30.9.2001 HK\$'000	30.9.2000 HK\$'000	30.9.2001 HK\$'000	30.9.2000 HK\$'000
Property development and leasing	4,196	5,229	2,700	4,049
Securities dealings and investments	1,917	2,012	(3,768)	1,137
	<u>6,113</u>	<u>7,241</u>	<u>(1,068)</u>	<u>5,186</u>

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

3. Turnover and other revenue

	(Unaudited)	
	Six months ended	
	30.9.2001 HK\$'000	30.9.2000 HK\$'000
Gross rental income from investment properties	3,897	4,416
Dividend income from listed investments	1,451	1,366
Turnover	5,348	5,782
Interest income	698	1,444
Sundry income	67	15
Total turnover and other revenue	<u>6,113</u>	<u>7,241</u>

4. Taxation

Taxation in the condensed consolidated income statement represents:

Provision for Hong Kong profits tax for the period	<u>(400)</u>	<u>(530)</u>
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Provision for Hong Kong profits tax is made at 16% (2000: 16%) on the estimated assessable profit for the period.

No provision for deferred taxation has been made for the period under review as the effect of all timing differences is immaterial (2000: Nil).

5. (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the consolidated loss after taxation of HK\$1,468,000 (2000: profit of HK\$4,656,000) and on 40,000,000 shares (2000: 40,000,000 shares) in issue during the period.

6. Debtors, deposits and prepayments

Included therein are rental receivables of the group of HK\$277,000 (2000: HK\$255,000) which were current and within normal credit period.

7. Creditors and accruals

There were no significant creditors as at 30 September 2001.

8. Share capital

There were no movements in the share capital of the company during the period.

9. Comparative figures

To better presents the group's operations, interest income included in turnover in the previous period is now classified under other revenue in the condensed consolidated income statement. Comparative figures have been reclassified to conform to current period's presentation.

INTERIM DIVIDEND

The board has resolved to pay an interim dividend of 2 cents per share (2000: 2 cents) totalling HK\$800,000 (2000: HK\$800,000). The dividend will be paid on or about 18 January 2002 to the shareholders whose names appear on the Register of Members of the company at the close of business on 17 January 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed from 14 January 2002 to 17 January 2002, both days inclusive. To qualify for the dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the company's Share Registrar, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 11 January 2002.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2001, the interests of the directors in the issued share capital of the company as recorded in the register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

	Number of Shares Held			
	Personal Interests	Family Interests	Corporate Interests	Other Interests
Executive directors:				
Mr. Ng See Wah	7,941,423	910,000	3,370,500*	—
Mr. Ng Tai Wai	3,899,077	—	3,370,500*	—
Mr. Soo Cho Ling	5,008,423	250,000	—	—
Non-executive directors:				
Mr. Ng Tai Keung	259,000	—	—	—
Mr. So Kwok Leung	5,961,077	—	—	—
Independent non-executive directors:				
Mr. Heng Kwoo Seng	—	—	—	—
Mr. Ng Chi Yeung, Simon	—	—	—	—

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

Save as disclosed above and other than certain nominee shares in subsidiaries held in trust for the company by the directors, none of the company's directors and their associates had any personal, family, corporate or other interests in any securities of the company or any of its associated corporations, within the meaning of SDI Ordinance, as recorded in the register kept by the company under Section 29 of the SDI Ordinance.

No right has been granted to the directors, chief executive or to the spouse or children (under 18 years of age) of any such director or chief executive to subscribe for shares of the company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, no person, other than certain directors of the company, was interested in ten per cent or more of the issued capital of the company as recorded in the register maintained pursuant to Section 16 of the SDI Ordinance.

BUSINESS REVIEW AND PROSPECTS

Business review

As compared to the previous period, the group's turnover slightly decreased by 8% to HK\$5,348,000, and a loss of HK\$1,468,000 was recorded as opposed to last period's profit of HK\$4,656,000. The loss was mainly attributed to HK\$4 million provision made for the diminution in value of the group's investment securities, as compared to HK\$2 million in the previous period.

Property development

The group currently focuses on the development of the residential/commercial property at 201-203 Castle Peak Road, Kowloon. The piling work progress is affected by certain restrictive regulations imposed by the government authority. Apart from this, the group plans to develop certain pieces of agricultural land in Ping Shan, Yuen Long for residential purpose. The project is under site investigation and pending government's approval on change of land use and agreement of land premium.

Property investment

The group's investment property portfolio comprises mainly commercial buildings. Despite a similar level of occupancy rate was maintained, there was a decrease of 12% in rental income. The pressure for downward rental adjustment remains.

Share investments and dividend income

The group classifies the share investment portfolios into long term investment securities for generating stable dividend income and short term portfolio for dealing purposes. In view of the volatility of the Hong Kong share market, the group was not active in share dealings during the period. Despite that, the fluctuation in market prices necessitated a charge of HK\$1.1 million for the unrealised losses on short term portfolio. Besides, the group also made a provision for impairment in value of HK\$4 million for the long term investment portfolio.

Dividend income for the period amounted to HK\$1.4 million, which remained at similar level as that in the pervious period.

Liquidity and financial resources

As in the past, the group does not have significant external borrowings and maintains sound liquidity position. As at 30 September 2001, the group had bank balances of approximately HK\$35 million. The liquid funds are sufficient to finance the group's daily operation and project development expenditure.

Prospects

After a short revival, Hong Kong's economy is worsening again. The unemployment rate soars and stagnation continues. We anticipate that the years ahead would be difficult for the group. In response to this the group has adopted a conservative investment policy and will keep on looking for suitable property and other investment opportunities with satisfactory returns.

PURCHASE, SALE AND REDEMPTION OF SHARES

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 2001 in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the independent non-executive directors 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.

By order of the board
Ng See Wah
Chairman

Hong Kong, 13 December 2001