

# WINFAIR INVESTMENT COMPANY LIMITED

## Statement by the Chairman

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On behalf of the board, I report the group's financial results and activities for the year ended 31 March 2002.

### **RESULTS AND DIVIDENDS**

The group's turnover for the year is HK\$10.1 million, which is about 3% less than that of last year. The decrease in turnover was mainly due to decrease in rental income from the group's property leasing business. Besides, interest income on bank deposits for the year was also reduced to HK\$1,040,000, representing a decrease of 56% as compared with that of last year.

Despite a decrease in both turnover and interest income, the group's loss was significantly reduced to approximately HK\$2.8 million, as opposed to last year's loss of HK\$6.7 million. The improvement in results was mainly attributed to the reduction in provision for diminution in value of the group's investment securities and properties held for or under development.

In January 2002, an interim dividend of 2 cents per share was paid. The board now recommends a final dividend of 7 cents per share, absorbing a total HK\$2,800,000. Subject to the approval by the shareholders, such dividend will be payable on 28 August 2002.

### **REVIEW OF OPERATIONS**

#### **Property development**

The development of the residential/commercial property at 201&203 Castle Peak Road, Kowloon is now undergoing additional piling. Due to some technical problems in the course of piling and neighbourhood restrictions, the progress of development is delayed. In relation to the plan to develop certain pieces of agricultural land in Ping Shan, Yuen Long for residential purpose, the group has been notified by the government of the land premium and other conditions for land exchange. The group does not consider the terms offered by the government acceptable and has submitted objection.

#### **Property investment**

The group's investment property portfolio comprises mainly commercial buildings and the performance of the property leasing business was difficult in the year amidst the poor economic condition in Hong Kong. Although the occupancy rate remained at similar level as previous year, the rental on average has dropped to a great extent. It appears that the property leasing market is still gloomy and the pressure for downward rental adjustment remains strong. Revaluation of the investment property portfolio was carried out on 31 March 2002 by an independent property valuer on an open market value basis, resulting in a net revaluation deficit of HK\$4.4 million at the year end.

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## Statement by the Chairman (Cont'd)

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### REVIEW OF OPERATIONS *(Cont'd)*

#### Share investments and dividend income

The group classifies its share investment portfolios into long term investment securities for generating stable dividend income and short term portfolio for dealing purposes. In view of the poor economic prospects, the group had no share dealings nor transacted any long term share investments (except certain scrip dividends received) during the year. The long term portfolio amounted to approximately HK\$46 million after deducting additional provision made for diminution in value of the share investments amounting to HK\$3.8 million at the year end.

Dividend income for the year is HK\$2 million, which is approximate to that in previous year.

#### Liquidity and financial resources

As in the past, the group does not have external borrowings and always maintains a sound liquidity position. At 31 March 2002, the group had available funds at banks of approximately HK\$36 million. Such liquid funds are sufficient to finance the group's daily operation and project development expenditures.

### PROSPECTS

The recovery of Hong Kong from last year's poor economic conditions is far from expectation. Naturally, the continued economic downturn has considerable impact on the group's business and operating results for the year. In view of the uncertainty ahead, the group will maintain its conservative investment policy while also look for suitable investment opportunities with satisfactory returns.

#### Appreciation

Lastly, I would like to thank all my fellow directors and staff of the group for their co-operation and dedicated contributions.

**Ng See Wah**  
*Chairman*

Hong Kong, 27 June 2002