



WINFAIR INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

2002/2003 INTERIM REPORT
FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2002

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 2002. 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 2002

		(Unaudited)	
		Six months ended	
		30 September	30 September
		2002	2001
	Notes	HK\$'000	HK\$'000
Turnover	3	5,669	5,348
Other revenue	3	<u>306</u>	<u>765</u>
		5,975	6,113
Administrative and general expenses (including depreciation of HK\$62,000 (2001: HK\$64,000))		(1,590)	(2,092)
Provision for diminution in value of investment securities		(6,427)	(4,000)
Net unrealised holding loss on trading and other securities		<u>(1,339)</u>	<u>(1,089)</u>
Loss from operations		(3,381)	(1,068)
Finance cost		<u>—</u>	<u>—</u>
Loss before taxation		(3,381)	(1,068)
Taxation	4	<u>(410)</u>	<u>(400)</u>
Loss attributable to shareholders		<u><u>(3,791)</u></u>	<u><u>(1,468)</u></u>
Loss per share	5	<u><u>(9.48) cents</u></u>	<u><u>(3.67) cents</u></u>

Condensed Consolidated Balance Sheet

As at 30 September 2002

	Notes	(Unaudited)		(Audited)	
		As at 30 September 2002		As at 31 March 2002	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment			78,604		78,669
Properties held for or under development			33,090		31,917
Investment securities			40,453		45,975
Other securities			351		554
			<u>152,498</u>		<u>157,115</u>
Current assets					
Trading securities		8,306		8,799	
Stock of land interests		2,537		2,537	
Debtors, deposits and prepayments	6	922		876	
Tax recoverable		—		152	
Cash and bank balances		34,467	46,232	36,072	48,436
			<u>46,232</u>	<u>36,072</u>	
Current liabilities					
Creditors and accruals	7	944		1,396	
Deposits received		1,426		1,463	
Income received in advance		10		9	
Provision for long service payments		1,400		1,400	
Tax payable		258	(4,038)	—	(4,268)
			<u>(4,038)</u>	<u>—</u>	<u>(4,268)</u>
Net current assets			<u>42,194</u>		<u>44,168</u>
NET ASSETS			<u><u>194,692</u></u>		<u><u>201,283</u></u>
CAPITAL AND RESERVES					
Share capital	8		40,000		40,000
Reserves			153,892		158,483
Proposed dividend			800		2,800
			<u>194,692</u>		<u>201,283</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2002

	(Unaudited)	
	Six months ended	
	30 September 2002 <i>HK\$'000</i>	30 September 2001 <i>HK\$'000</i>
Net cash from operating activities	809	331
Net cash (used in)/from investing activities	(2,414)	192
Net cash (used in)/from financing activities	—	—
Net (decrease)/increase in cash and cash equivalents	(1,605)	523
Cash and cash equivalents at beginning of period	<u>36,072</u>	<u>34,921</u>
Cash and cash equivalents at end of period	<u>34,467</u>	<u>35,444</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2002

	Share capital	Capital reserve	Investment property revaluation reserve	Retained profits	Proposed dividend	Total
	HK\$'000	HK\$'000	HK'000	HK'000	HK'000	HK'000
As at 1 April 2001	40,000	251	39,929	129,080	3,200	212,460
Revaluation deficit	—	—	(4,410)	—	—	(4,410)
Dividend paid	—	—	—	(800)	(3,200)	(4,000)
Dividend declared	—	—	—	(2,800)	2,800	—
Loss for the year	—	—	—	(2,767)	—	(2,767)
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As at 31 March 2002	40,000	251	35,519	122,713	2,800	201,283
Dividend paid	—	—	—	—	(2,800)	(2,800)
Dividend declared	—	—	—	(800)	800	—
Loss for the period	—	—	—	(3,791)	—	(3,791)
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As at 30 September 2002	<u>40,000</u>	<u>251</u>	<u>35,519</u>	<u>118,122</u>	<u>800</u>	<u>194,692</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2002

1. Basis of preparation and principal 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 Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies adopted are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 March 2002, except as described below.

In the current period, the group has adopted, for the first time, a number of new and revised SSAPs issued by the HKSA as follows:

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|----|-------------------|---|--------------------------------------|
| 1. | SSAP 1 (Revised) | : | Presentation of financial statements |
| 2. | SSAP 15 (Revised) | : | Cash flow statements |
| 3. | SSAP 34 | : | Employee benefits |

The adoption of the above SSAPs has introduced a new statement of changes in equity in the Interim Report and resulted in a change in the format of presentation of the cash flow statement, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

2. Segment information

The group's segment revenue and segment results for the six months ended 30 September 2002 as analysed by activities are as follows:

	Segment revenue (Unaudited)		Segment results (Unaudited)	
	Six months ended		Six months ended	
	30 September	30 September	30 September	30 September
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	—	—	(20)	(98)
Property leasing	3,961	3,897	2,944	2,604
Securities dealings and investments	1,708	1,451	(6,501)	(4,166)
	<u>5,669</u>	<u>5,348</u>	(3,577)	(1,660)
Interest income			306	698
Unallocated corporate expenses			(110)	(106)
Taxation			(410)	(400)
Loss after taxation			<u>(3,791)</u>	<u>(1,468)</u>

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

3. Turnover and other revenue

	(Unaudited)	
	Six months ended	
	30 September	30 September
	2002	2001
	HK\$'000	HK\$'000
Gross rental income from investment properties	3,961	3,897
Dividend income from listed investments	1,708	1,451
Turnover	<u>5,669</u>	<u>5,348</u>
Interest income	306	698
Sundry income	—	67
Total turnover and other revenue	<u>5,975</u>	<u>6,113</u>

4. **Taxation**

Taxation in the condensed consolidated income statement represents:

Provision for Hong Kong profits tax for the period	<u>(410)</u>	<u>(400)</u>
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Provision for Hong Kong profits tax is made at 16% (2001: 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 (2001: Nil).

5. **Loss per share**

The calculation of loss per share is based on the consolidated loss after taxation of HK\$3,791,000 (2001: HK\$1,468,000) and on 40,000,000 shares (2001: 40,000,000 shares) in issue during the period.

6. **Debtors, deposits and prepayments**

Included therein are rental receivables of the group of HK\$371,000 (2001: HK\$277,000) which were current and within normal credit period.

7. **Creditors and accruals**

There were no significant creditors as at 30 September 2002.

8. **Share capital**

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

9. **Comparative figures**

Certain comparative figures under Note 2 Segment Information 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 (2001: 2 cents) totalling HK\$800,000 (2001: HK\$800,000). The dividend will be paid on or about 17 January 2003 to the shareholders whose names appear on the Register of Members of the company at the close of business on 15 January 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed from 10 January 2003 to 15 January 2003, both days inclusive. To qualify for the dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 9 January 2003.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2002, 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 2002, 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 was slightly increased by 6% to HK\$5,669,000, which was mainly due to increase in dividend income from share investments. Despite the increase in turnover, the group's unaudited loss after taxation was increased to HK\$3,791,000. The increase in loss was mainly attributed to the increase in provision made for the diminution in value of the group's investment securities. Besides, interest income on bank deposits for the year was dropped to HK\$306,000, representing a decrease of 56% as compared with the previous year.

Property development

The development of the residential/commercial property at 201-203 Castle Peak Road, Kowloon is in progress. After completing the additional piling work, the site will soon undergo loading test and thereafter foundation work shall start. In relation to the residential project at Ping Shan, Yuen Long, the group has received offers of basic terms and premium for land exchange from the government, which is currently under consideration by the management.

Property investment

The group's investment property portfolio comprises mainly commercial buildings. Rental income amounted to approximately HK\$4 million, accounting for 66% of the group's total turnover for the period. Occupancy rate of the group's investment properties remained at similar level as previous year and rental income was slightly increased by 1.6% as compared with the corresponding period in last year.

Share investment 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. During the period, the group acquired some HK\$600,000 and HK\$900,000 shares for short term and long term investment purposes respectively. At the period end, the group made a charge of HK\$1.3 million for the unrealized losses of short term portfolio and an additional provision of HK\$6.4 million for the diminution in value of long term investment securities.

Dividend income for the period amounted to HK\$1.7 million, which was increased by 21% as compared with the previous period.

Liquidity and financial resources

As in the past, the group does not have significant external borrowings and maintains its sound liquidity position. As at 30 September 2002, the group had bank balances of approximately HK\$34 million. The liquid funds are sufficient to finance the group's daily operation and project development expenditure.

Prospects

Recently, the government has announced 9 measures "to restore the healthy development of property market in Hong Kong". Although it is still too early to conclude their effectiveness, these measures definitely show the positive attitude of the government towards such a major economic constituent in Hong Kong. We hope that these measures could succeed in stimulating the sluggish property market and consequently changing the gloomy economic conditions. All the group's businesses are carried out in Hong Kong and its performance depends heavily on the prosperous future of Hong Kong.

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 2002 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, 12 December 2002