



南聯實業有限公司

WINSOR INDUSTRIAL CORPORATION LTD.

Incorporated in Hong Kong with limited liability

Interim Report for the six months ended 30 September 2002

INTERIM RESULTS

The Directors are pleased to present the Group's consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity for the six months ended 30 September 2002 ("the Period"), and the consolidated balance sheet as at 30 September 2002, all of which are unaudited and condensed, along with selected explanatory notes (collectively "Interim Accounts").

Condensed Consolidated Profit and Loss Account

For the six months ended 30 September 2002

	Note	Unaudited	
		Six months ended 30 September 2002	Six months ended 30 September 2001
		HK\$'000	HK\$'000
Turnover	2	476,872	427,035
Cost of sales		<u>(371,381)</u>	<u>(324,213)</u>
Gross profit		105,491	102,822
Other revenues	2	3,796	5,720
Selling expenses		(27,542)	(24,175)
Administrative expenses		(52,448)	(50,157)
Other operating income less expenses		<u>(2,880)</u>	<u>10,144</u>
		26,417	44,354
Finance costs		<u>(2,547)</u>	<u>(4,902)</u>
Operating profit	2, 3	23,870	39,452
Share of profits less losses of			
Associated companies		9,396	4,757
Jointly controlled entities		<u>1,267</u>	<u>906</u>
Profit before taxation		34,533	45,115
Taxation	4	<u>(6,690)</u>	<u>(6,673)</u>
Profit after taxation		27,843	38,442
Minority interests		<u>762</u>	<u>589</u>
Profit attributable to shareholders		<u>28,605</u>	<u>39,031</u>
Dividends			
Prior year final dividend, paid, of HK\$0.08 (2001: HK\$0.03) per share	5a	20,775	7,790
Interim dividend, declared, of HK\$0.05 (2001: HK\$0.05) per share	5b	12,984	12,984
Special dividend, declared, of HK\$Nil (2001: HK\$0.65) per share		—	168,796
		<u>33,759</u>	<u>189,570</u>
		HK\$	HK\$
Earnings per share	6	<u>0.11</u>	<u>0.15</u>

Condensed Consolidated Balance Sheet

As at 30 September 2002

		Unaudited	Audited
		30/9/2002	31/3/2002
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Fixed assets		200,370	203,875
Associated companies		83,411	88,773
Jointly controlled entities		150,231	152,836
Investment securities	8	157,576	160,837
		591,588	606,321
Current assets			
Inventories		104,569	103,021
Debtors and other receivables	9	175,256	126,496
Tax recoverable		—	367
Other investments	10	47,886	60,089
Cash and bank balances		190,807	174,911
		518,518	464,884
Current liabilities			
Creditors and accruals	11	147,587	110,725
Bank loans and overdrafts	12	147,775	158,676
Tax payable		2,958	—
		298,320	269,401
Net current assets		220,198	195,483
Total assets less current liabilities		811,786	801,804
Share capital			
		129,843	129,843
Reserves			
		374,420	374,955
Retained earnings			
		263,757	247,601
Proposed final dividend			
		—	20,775
Interim dividend declared			
		12,984	—
Shareholders' funds			
		781,004	773,174
Minority interests			
		1,435	2,197
Long term liabilities			
	13	29,159	26,204
Deferred taxation			
		188	229
Funds employed			
		811,786	801,804

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2002

	Unaudited	
	Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Net cash from operating activities	14,631	58,527
Net cash from investing activities	10,156	3,227
Net cash (used in)/from financing activities	<u>(19,300)</u>	<u>15,000</u>
Increase in cash and cash equivalents	5,487	76,754
Cash and cash equivalents at 1 April	84,235	186,688
Effect of foreign exchange rate changes	<u>(945)</u>	<u>(244)</u>
Cash and cash equivalents at 30 September	<u>88,777</u>	<u>263,198</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	190,807	357,547
Bank overdrafts and loans repayable within 3 months from date of advance	<u>(102,030)</u>	<u>(94,349)</u>
	<u>88,777</u>	<u>263,198</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2002

Unaudited, six months ended 30 September 2002									
	Share capital	Share premium	Capital redemption reserve	Land and buildings revaluation reserve	General reserve	Capital reserve	Exchange fluctuation account	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2002	129,843	306,211	775	22,267	11,845	26,878	6,979	268,376	773,174
Profit for the period	—	—	—	—	—	—	—	28,605	28,605
Prior year final dividend paid	—	—	—	—	—	—	—	(20,775)	(20,775)
Exchange differences written back	—	—	—	—	—	—	(535)	535	—
At 30 September 2002	<u>129,843</u>	<u>306,211</u>	<u>775</u>	<u>22,267</u>	<u>11,845</u>	<u>26,878</u>	<u>6,444</u>	<u>276,741</u>	<u>781,004</u>

Unaudited, six months ended 30 September 2001									
	Share capital	Share premium	Capital redemption reserve	Land and buildings revaluation reserve	General reserve	Capital reserve	Exchange fluctuation account	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2001	129,843	306,211	775	22,267	11,845	61,993	16,325	364,935	914,194
Prior year adjustment on dividends	—	—	—	—	—	—	—	7,790	7,790
At 1 April 2001, as restated	129,843	306,211	775	22,267	11,845	61,993	16,325	372,725	921,984
Loss not recognized in the profit and loss accounts: exchange difference arising from translation of accounts	—	—	—	—	—	—	(4,005)	—	(4,005)
Profit for the period	—	—	—	—	—	—	—	39,031	39,031
Prior year final dividend paid	—	—	—	—	—	—	—	(7,790)	(7,790)
Realised on disposal of an associated company	—	—	—	—	—	—	26	—	26
Exchange differences written back	—	—	—	—	—	—	(960)	960	—
At 30 September 2001	<u>129,843</u>	<u>306,211</u>	<u>775</u>	<u>22,267</u>	<u>11,845</u>	<u>61,993</u>	<u>11,386</u>	<u>404,926</u>	<u>949,246</u>

Notes to the Interim Accounts

1. Basis of preparation and accounting policies

The Interim Accounts are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 March 2002.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 March 2002, except that the Group has adopted the following new or revised SSAPs which became effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised):	Presentation of financial statements
SSAP 11 (revised):	Foreign currency translation
SSAP 15 (revised):	Cash flow statements
SSAP 33:	Discontinuing operations
SSAP 34:	Employee benefits

The adoption of these new or revised standards in the Group’s accounting policies has no material effect on the Interim Accounts.

Comparative figures have been reclassified to conform with the current period’s presentation.

2. Turnover, revenue and segment information

The Group is principally engaged in the manufacturing and trading of textiles and clothing and investment holding. Revenues recognised during the Period are as follows:

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Turnover		
Textiles and clothing	464,080	408,759
Dividend income from		
Listed investments	9,742	10,647
Unlisted investments	200	420
Others	<u>2,850</u>	<u>7,209</u>
	<u>476,872</u>	<u>427,035</u>
Other revenues		
Rental income from other properties less outgoings	1,077	409
Interest income	<u>2,719</u>	<u>5,311</u>
	<u>3,796</u>	<u>5,720</u>
Total revenues	<u>480,668</u>	<u>432,755</u>

Notes to the Interim Accounts

2. Turnover, revenue and segment information (continued)

An analysis of turnover and profit by business and geographical segments is as follows:

Business segments

	Six months ended 30 September							
	Textile and clothing		Investment		Others		Group	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	464,080	408,759	9,942	11,067	2,850	7,209	476,872	427,035
Segment results	31,563	30,889	(4,790)	3,898	(3,539)	(2,007)	23,234	32,780
Unallocated income less expenses							(1,849)	(1,729)
Profit on sale of land and buildings	2,313	8,066	—	—	—	—	2,313	8,066
Loss on disposal of associated companies							—	(74)
Operating profit before interest							23,698	39,043
Interest income less finance costs							172	409
Operating profit							23,870	39,452
Share of profits less losses of								
Associated companies	(596)	(3,746)	9,992	8,503	—	—	9,396	4,757
Jointly controlled entities	131	(365)	1,136	1,271	—	—	1,267	906
Profit before taxation							34,533	45,115
Taxation							(6,690)	(6,673)
Profit after taxation							27,843	38,442
Minority interests							762	589
Profit attributable to shareholders							28,605	39,031

Geographical segments

	Six months ended 30 September			
	Turnover		Operating profit	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	60,961	105,780	3,661	13,542
North America	249,928	202,343	9,076	12,049
U.S.A.	243,298	197,767	8,261	11,809
Canada	6,630	4,576	815	240
Europe	85,359	85,685	15,394	3,872
Asia	73,771	28,706	(5,546)	2,979
Others	6,853	4,521	649	338
Segment results	476,872	427,035	23,234	32,780
Unallocated income less expenses			(1,849)	(1,729)
Profit on sale of land and buildings			2,313	8,066
Loss on disposal of associated companies			—	(74)
Operating profit before interest			23,698	39,043
Interest income less finance costs			172	409
Operating profit			23,870	39,452

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 September	
	2002	2001
	HKS'000	HKS'000
Crediting:		
Profit on disposal of land and buildings	2,313	8,066
Realised gain on disposal of other investments	626	4,448
Exchange gain	555	77
	<u>3,494</u>	<u>12,591</u>
Charging:		
Cost of inventories sold	371,381	324,213
Depreciation of fixed assets	9,876	9,072
Loss on disposal of fixed assets other than land and buildings	17	1,145
Loss on disposal of associated companies	—	74
Provision for diminution in value of investment securities	1,868	5,763
Unrealised loss on other investments	11,455	5,854
Staff costs		
Included in inventories and cost of inventories sold	44,584	38,293
Others	35,860	36,072
Retirement benefit costs	1,631	1,600
Operating leases rental in respect of land and buildings	1,102	1,796
Auditors' remuneration	964	980
	<u>478,713</u>	<u>458,925</u>

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the Period. Overseas taxation has been provided on the estimated assessable profits at rates prevailing in the countries in which the Group operates.

	Six months ended 30 September	
	2002	2001
	HKS'000	HKS'000
The amount of taxation charged to the condensed consolidated profit and loss account represents:		
The Company and its subsidiaries:		
Hong Kong profits tax	3,411	3,495
Overseas taxation	1,441	2,176
Deferred taxation	(41)	(624)
	<u>4,811</u>	<u>5,047</u>
Share of taxation attributable to:		
Associated companies	1,787	1,529
Jointly controlled entities	92	97
	<u>1,879</u>	<u>1,626</u>
	<u>6,690</u>	<u>6,673</u>
Deferred tax charge for the Period has not been accounted for in respect of:		
Tax losses	288	59

Notes to the Interim Accounts

5. Dividends

- (a) At a meeting held on 24 July 2002, the Directors of the Company proposed a final dividend of HK\$0.08 per share, which was paid on 4 September 2002 and has been reflected as an appropriation of retained earnings in the Period.
- (b) At a meeting held on 19 December 2002, the Directors of the Company declared an interim dividend of HK\$0.05 per share for the year ending 31 March 2003. This proposed dividend is not reflected as a dividend payable in the Period, but will be reflected as an appropriation of retained earnings in the six months ending 31 March 2003.

6. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$28,605,000 (2001: HK\$39,031,000) and 259,685,289 (2001: 259,685,289) shares in issue during the Period.

Diluted earnings per share is not present as the Company has no dilutive potential shares as at 30 September 2002 (2001: Nil).

7. Related party transactions

The following is a summary of significant related party transactions which, in the opinion of the Directors of the Company, were carried out in the normal course of the Group's business on terms no more favourable than terms available to independent third parties:

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Rental and storage expenses paid to the Winsor Properties Holdings Limited ("WPHL") Group	1,855	2,721
Rental income charged to WPHL Group	876	822
Reimbursement of administrative expenses from WPHL Group	587	4,311
Reimbursement of administrative expenses from associated companies	462	627
Purchases from associated companies	6,793	4,082
Sales to associated companies	9,031	7,286
Contracting fee paid to jointly controlled entities	1,178	1,178

The Group and WPHL Group are considered to be related by virtue of the fact that certain Directors of the Company are also directors of WPHL. During the Period the Group and the WPHL Group have reduced the extent of sharing administrative services, and resulted in a decrease of the reimbursement from the WPHL Group.

8. Investment securities

	30/9/2002	31/3/2002
	HK\$'000	HK\$'000
Unlisted equity investments – at cost	23,329	23,329
Loans due from unlisted equity investments	162,617	164,010
Provision	(72,551)	(72,540)
	<u>113,395</u>	<u>114,799</u>
Listed equity investments – at cost		
Listed in Hong Kong	60,049	60,049
Provision	(15,868)	(14,011)
	<u>44,181</u>	<u>46,038</u>
	<u>157,576</u>	<u>160,837</u>
Market value of listed equity investments	293,358	314,501

The loans due from unlisted equity investments are unsecured, interest free and have no fixed terms of repayment.

9. Debtors and other receivables

- a. Included in debtors and other receivables is an amount of HK\$605,000 (31/3/2002: HK\$633,000), being shared administrative expenses receivable from WPHL Group.
- b. Also included in debtors and other receivables are trade debtors. The majority of the Group's sales are on terms of letters of credit at sight or documents against payment. Open accounts or longer credit terms are granted to a few customers with long business relationship and strong financial position. The ageing analysis of trade debtors is as follows:

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Current – 30 days	80,356	49,657
31 – 60 days	8,014	6,199
Over 60 days	7,758	6,061
	<u>96,128</u>	<u>61,917</u>

10. Other investments

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Equity securities:		
Listed in Hong Kong	159	123
Listed outside Hong Kong	37,538	50,833
Managed funds	10,189	9,133
Market value	<u>47,886</u>	<u>60,089</u>

11. Creditors and accruals

Included in creditors and accruals are trade creditors, the ageing analysis of which is as follows:

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Current – 30 days	43,358	33,827
31 – 60 days	7,029	4,323
Over 60 days	14,638	11,257
	<u>65,025</u>	<u>49,407</u>

12. Bank loans and overdrafts

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Unsecured, repayable on demand or within one year	147,030	158,676
Current portion of long term bank loans (Note 13)	745	—
	<u>147,775</u>	<u>158,676</u>

Notes to the Interim Accounts

13. Long term liabilities

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Provision for long service payments	<u>26,204</u>	<u>26,204</u>
Long term bank loans		
Unsecured, wholly repayable within five years	3,700	—
Less: Amount repayable within one year included under current liabilities (<i>Note 12</i>)	<u>(745)</u>	<u>—</u>
	<u>2,955</u>	<u>—</u>
	<u>29,159</u>	<u>26,204</u>
The long term bank loans are repayable as follows:		
Within one year	745	—
In the second year	779	—
In the third to fifth years inclusive	<u>2,176</u>	<u>—</u>
	<u>3,700</u>	<u>—</u>

14. Capital commitments

The Group did not have material capital commitments at 30 September 2002 (*31/3/2002: Nil*).

15. Lease commitments

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
The future aggregate minimum lease payments under non-cancellable operating leases for land and buildings are payable as follows:		
Not later than one year	1,160	1,631
Later than one year and not later than five years	<u>554</u>	<u>711</u>
	<u>1,714</u>	<u>2,342</u>

16. Contingent liabilities

	30/9/2002 HK\$'000	31/3/2002 HK\$'000
Bills discounted with recourse	20,554	7,562
Guarantees given in respect of banking facilities granted to:		
Associated companies	27,850	21,850
Other investments, in proportion to the Group's equity interests in such companies	<u>14,038</u>	<u>14,038</u>
	<u>62,442</u>	<u>43,450</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Despite declining consumer confidence during the Period as indexed, actual consumer spending has been giving support to the US economy which otherwise remains sluggish. The Group's textile and clothing businesses have benefited substantially in terms of turnover and to a marginal extent in terms of profit. Weakness in the stock markets, however, has resulted in deteriorated performance of the Group's investment segment. Coupled with a smaller profit on the sale of land and buildings, the Group's overall unaudited profit attributable to shareholders for the Period was HK\$28.6 million, a decrease of 26.7% compared to HK\$39.0 million for the corresponding six months in 2001.

Turnover of the Group's textile and clothing segment during the Period was HK\$464.1 million, a growth of 13.5% compared to HK\$408.8 million recorded for the comparable six months in 2001. Fierce competition amongst suppliers has continued on a global scale, and there is no end in sight to the squeeze on margin. This segment's operating profit for the Period before interest was HK\$31.6 million, registering an increase of only 2.2% vis-a-vis HK\$30.9 million for the comparable period in the previous year.

In terms of individual divisions, the woven garment, wool knitting and the finished fabric trading divisions reported improvement in both turnover and profit. The finished yarn trading division reported lower profit on a smaller turnover, whereas the wool spinning division reported a loss on a maintained turnover. In terms of markets, Group exports to North America improved on the strength of the woven garment division. Exports to Europe were maintained overall and strong currencies have benefited profit. As more and more yarns and fabrics are delivered to destinations outside Hong Kong, local sales have declined with a matching increase in exports to Asian markets.

A subsidiary in Malaysia, which discontinued its textile operation in 1996, sold a piece of property during the Period. The property has been fully written off by the Group in the year ended 31 March 1997 and its disposal resulted in a profit of HK\$2.3 million. Such non-recurring profit was excluded from the segment results, as was the profit of HK\$8.1 million realised by the same subsidiary on the sale of another property in the corresponding six months last year.

During the Period, lower dividend income was received from the investments held. Although disposal of trading investments reported a profit, decline in market prices as at 30 September 2002 has resulted in a substantial unrealised loss. Further provisions were also made for listed long-term investment securities. The investment segment therefore netted an operating loss before interest of HK\$4.8 million, compared to a profit of HK\$3.9 million for the corresponding six months in 2001.

Other minor activities carried on by the Group were grouped under the segment of Others. This segment's turnover dropped from HK\$7.2 million to HK\$2.9 million, and its loss was enlarged from HK\$2.0 million to HK\$3.5 million in the Period..

Under the continuing low interest rate environment, the Group's finance cost for the Period was about halved and amounted to HK\$2.5 million. Likewise, interest income was also about halved and amounted to HK\$2.7 million.

Fixed Assets

Acquisition of fixed assets during the Period amounted to HK\$6.8 million which was mainly incurred by the woven garment and wool spinning divisions.

Associated Companies and Jointly Controlled Entities

During the Period, those associated companies and jointly controlled entities engaged in the textile and clothing businesses have reduced their combined losses substantially, whereas those engaged in other businesses continued to make further improvement. Total combined contribution from all associated companies and jointly controlled entities was therefore HK\$10.7 million before tax, compared to HK\$5.7 million for the previous corresponding period.

Group Structure

Apart from the formation of a 50% owned associated company engaged in garment manufacturing and trading in Hong Kong, there were no other changes in the Group's structure during the Period.

Employees

As at 30 September 2002, the Group employed a total of about 4,000 employees, of which about 3,100 were employed in Mainland China. This represented an increase of 600 employees of the Group's woven garment operation in the Mainland as compared to 31 March 2002. Remuneration level is normally reviewed annually. Retirement benefits are provided in accordance with local government requirements. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

INVESTMENT PORTFOLIO

The Group's long-term listed investments are all listed in Hong Kong. There was no change in the portfolio during the Period but provisions of HK\$1.9 million were made for individual stocks. At 30 September 2002, their net book value was HK\$44.2 million and their market value was HK\$293.4 million.

At 30 September 2002, the net book value of the Group's long-term unlisted investments was HK\$113.4 million. Other than repayment of advances in the sum of HK\$1.4 million, there were no other major movements during the Period.

The Group's short-term listed investments are carried at market value and comprise mainly of securities listed in the United States. Whereas trading profit during the Period amounted to HK\$0.6 million, unrealised loss due to decline in market price amounted to HK\$11.5 million. Their carrying value as at 30 September 2002 was HK\$47.9 million.

FINANCIAL REVIEW

As at 30 September 2002, the Group's cash and bank balances amounted to HK\$190.8 million, and short-term bank borrowings amounted to HK\$147.0 million. A 5-year long term bank loan for the acquisition of machinery was arranged during the Period and its balance as at 30 September 2002 was HK\$3.7 million. All the bank borrowings are unsecured loans on a floating rate basis and denominated in Hong Kong dollar. The Group's net current assets and shareholders' funds were HK\$220.2 million and HK\$781.0 million respectively as at 30 September 2002. The Group's gearing ratio as at that date, computed as the ratio of total bank borrowings to shareholders' funds, was 19.3%.

The Group's contingent liabilities as at 30 September 2002 amounted to HK\$62.5 million, of which HK\$41.9 million represent guarantees given in respect of banking facilities granted to associated companies and investee companies. The balance of HK\$20.6 million was in respect of trade bills discounted with recourse.

As at 30 September 2002, the Group did not have any material capital commitments.

OUTLOOK

Recovery of the world economy is still lacking momentum. Whereas latest consumer confidence has recovered from its recent low recorded in October 2002 and may benefit Christmas sales, lingering fears of possible US-Iraq war and worries over unemployment and diminution of asset values may restrain further consumer spending. Although turnover for the full year is expected to show an improvement, outlook of the Group's core textile and clothing businesses however remains weak. The market value of the Group's short-term listed investments has recovered substantially since 30 September 2002 but the Group's profit and loss account will continue to be affected by market prices from time to time.

DIVIDENDS AND CLOSE OF REGISTER

The Directors have resolved to declare for the year ending 31 March 2003 an interim dividend of 5 cents per share. Total distribution will amount to HK\$12,984,000.

The interim dividend will be payable on 6 February 2003 to all shareholders on register as at 30 January 2003. The Register of Members and the Transfer Books will be closed from 27 January to 30 January 2003, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 24 January 2003.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the Period, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Interim Accounts.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

SHARE OPTIONS

The Company has adopted an employee share option scheme at the annual general meeting held on 15 August 2001 under which share options may be granted to employees, including executive directors, of the Company and/or any of its subsidiaries at the discretion of the Directors. No share option has been granted under the said scheme since its adoption.

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors at 30 September 2002 in the issued share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance) as recorded in the register maintained under section 29 of that Ordinance were as follows: —

<u>Name of Director</u>	<u>Personal interests</u>	<u>Family interests</u>	<u>Corporate interests</u> (Note)	<u>Total</u>
<i>The Company</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	192,615,464	192,615,464
Mr. Chow Chung Kai	—	—	192,615,464	192,615,464
Mr. Ting Hsiun Shih, Patrick	—	10,000	—	10,000
<i>Winsor Health Investment Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	300	300
Mr. Chow Chung Kai	—	—	300	300
<i>Winsor Health Products Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	15,000	15,000
Mr. Chow Chung Kai	—	—	15,000	15,000
<i>10% Redeemable preference shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<i>Winsor Health Products (International) Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000

Note : Such interests are held by corporations where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise one-third or more of the voting power in their general meetings.

The Company has not granted any right to subscribe for equity or debt securities of the Company. Save as disclosed herein, none of the Directors had any interest in the equity or debt securities of the Company or any of its associated corporations at 30 September 2002.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that at 30 September 2002 the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company, other than those of the Directors as disclosed above:-

	<u>Number of Ordinary shares held</u>	<u>% of Total</u>
Super-Rich Finance Limited	192,615,464	74.17%

On behalf of the Board
Chou Wen Hsien
Chairman

Hong Kong, 19 December 2002.