

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements

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*For The Year Ended 31 March 2003*

### **1. PRINCIPAL ACTIVITIES**

The principal activities of the company are investment holding, securities dealing and property investment and development. The principal activities of the subsidiaries are set out in note 13 to the financial statements.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the historical cost convention, as modified for revaluation of investment properties and trading and other securities, and in accordance with the Statement of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants ("HKSA") and accounting principles generally accepted in Hong Kong.

In the current year, the group adopted the following new and revised SSAPs issued by the HKSA:

- |                      |   |                                      |
|----------------------|---|--------------------------------------|
| 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 consolidated statement of changes in equity and resulted in a change in the format of presentation of the cash flow statement, but has no material effect on the results for the current or prior accounting years.

#### **2.1 Basis of consolidation**

The consolidated financial statements include the financial statements of the company and all subsidiaries made up to 31 March. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

All significant intra-group transactions and balances have been eliminated on consolidation.

#### **2.2 Subsidiaries**

A subsidiary is a company in which the company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors. Investments in subsidiaries are carried at cost less impairment loss where appropriate.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

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*For The Year Ended 31 March 2003*

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.3 Property, plant and equipment

Property, plant and equipment other than investment properties are stated at cost less aggregate depreciation and impairment losses where appropriate. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation is provided to write off the cost less residual value of each property, plant and equipment, other than investment properties, over its expected useful life at the following annual rates:—

Leasehold properties	—	2.5% straight line basis
Leasehold improvement	—	10% reducing balance method
Furniture, fixtures and equipment	—	10% reducing balance method

#### 2.4 Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment property revaluation reserve is transferred to the income statement for the year.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

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*For The Year Ended 31 March 2003*

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.5 Properties held for or under development

Properties held for or under development are stated at cost less impairment loss where appropriate. Cost comprises land cost, development costs and other direct costs incurred during the development period.

#### 2.6 Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the assets, other than stock of land interest and financial assets (excluding investments in subsidiaries), may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates resulting in an increase of the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

#### 2.7 Share investments

Share investments, other than the investments in subsidiaries, held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less provision for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement. Such provisions are determined for each investment individually.

Other share investments are classified as either trading securities or other securities and stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement.

Profits or losses on disposal of share investments are determined as the difference between the net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

#### 2.8 Stock of land interests

Stock of land interests is stated at the lower of cost and market value.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

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*For The Year Ended 31 March 2003*

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Deferred taxation

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and financial reporting purposes, other than those which are not expected to crystallize in the foreseeable future. A deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

#### 2.10 Revenue recognition

Rental income from investment properties under operating leases is recognised on a straight line basis over the lease terms.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Interest income on bank deposits is recognised on a time proportion basis.

#### 2.11 Employee benefits

Salaries and other short-term employee benefits are recognised as an expense in the period which the employees render services to the group.

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,000. Contributions to the scheme vest immediately and are recognised as an expense in the income statement as incurred.

### 3. SEGMENT INFORMATION

#### Business segments

For management purposes, the group identifies three principal business segments: securities investments, property leasing and property development. These segments are the basis on which the group reports its primary segment information.

Principal activities of each segment are as follows:

Securities investments	—	securities investments for long-term and dealing purpose
Property leasing	—	letting of properties
Property development	—	developing properties

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 3. SEGMENT INFORMATION (Cont'd)

#### Business segments (Cont'd)

Segment information about these businesses is presented below:

	Securities investments		Property leasing		Property development		Consolidated total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>INCOME STATEMENT</b>								
Segment revenue	<u>5,963,045</u>	2,158,007	<u>7,812,817</u>	7,900,277	—	—	<u>13,775,862</u>	10,058,284
Segment results	(8,444,482)	(2,921,244)	5,873,488	5,454,111	(8,899,452)	(5,053,742)	(11,470,446)	(2,520,875)
Interest income							576,407	1,056,159
Unallocated corporate expenses							(469,888)	(505,995)
<b>Loss from operations</b>							<b>(11,363,927)</b>	<b>(1,970,711)</b>
Taxation							(1,186,390)	(795,819)
<b>Loss after taxation</b>							<b>(12,550,317)</b>	<b>(2,766,530)</b>
<b>BALANCE SHEET</b>								
<b>Assets:</b>								
Segment assets	81,718,225	81,107,217	72,724,821	92,365,892	24,791,646	31,926,504	179,234,692	205,399,613
Unallocated assets							—	151,819
<b>Consolidated total assets</b>							<b>179,234,692</b>	<b>205,551,432</b>
<b>Liabilities:</b>								
Segment liabilities	1,077,677	635,378	2,633,581	2,497,188	239,894	352,300	3,951,152	3,484,866
Unallocated corporate liabilities							1,090,197	782,906
<b>Consolidated total liabilities</b>							<b>5,041,349</b>	<b>4,267,772</b>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 3. SEGMENT INFORMATION (Cont'd)

#### Business segments (Cont'd)

	Securities investments		Property leasing		Property development		Consolidated total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>OTHER INFORMATION</b>								
Capital expenditure	984,484	333,616	798	1,815	1,709,165	1,035,905	2,694,447	1,371,336
Depreciation	3,812	3,046	120,108	125,310	—	—	123,920	128,356
Provision for diminution in value of investment securities	7,979,000	3,800,000	—	—	—	—	7,979,000	3,800,000
Impairment loss of properties held for or under development	—	—	—	—	8,850,000	4,975,000	8,850,000	4,975,000
Unrealised holding loss on trading and other securities	3,018,066	102,910	—	—	—	—	3,018,066	102,910
Provision for long service payments	164,088	27,440	365,912	52,560	—	—	530,000	80,000

#### Geographical segments

The group has all its operating activities carried out in Hong Kong and hence no geographical analysis of financial information is provided.

### 4. TURNOVER

	The group	
	2003	2002
	HK\$	HK\$
Sales of trading securities	2,656,250	—
Gross rental income from investment properties	7,812,817	7,900,277
Dividend income from investments listed in Hong Kong	3,306,795	2,158,007
	<b>13,775,862</b>	<b>10,058,284</b>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 5. LOSS BEFORE TAXATION

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	<b>HK\$</b>
<b>Loss before taxation is stated after charging:</b>		
Auditors' remuneration	114,000	114,000
Carrying amount of trading securities sold	1,692,898	—
Depreciation	123,920	128,356
Loss on disposal of property, plant and equipment	2,622	—
Staff costs, including contribution to mandatory provident fund of HK\$32,321 (2002: HK\$39,015) and directors' remuneration	<u>3,101,613</u>	<u>2,659,887</u>
<b>And after crediting:</b>		
Interest income —		
Bank deposits	576,407	1,037,759
Others	—	18,400
Rental income less outgoings	<u>7,614,052</u>	<u>7,416,035</u>

### 6. DIRECTORS' REMUNERATION

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	<b>HK\$</b>
The remuneration of the directors is as follows:—		
Directors' fees —		
Executive directors	36,000	36,000
Non-executive directors	24,000	24,000
Independent non-executive directors	120,000	120,000
Other emoluments for executive directors —		
Salaries and other benefits	1,861,256	1,861,256
Mandatory provident fund contributions	12,000	12,000
	<u>2,053,256</u>	<u>2,053,256</u>

Analysis of directors' remuneration by number of directors and emolument band is as follows:

	<b>2003</b>	2002
Executive directors —		
HK\$ Nil — HK\$1,000,000	3	3
Non-executive and independent non-executive directors		
HK\$ Nil — HK\$1,000,000	4	4
	<u>7</u>	<u>7</u>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 7. EMPLOYEES' EMOLUMENTS

Among the five highest paid individuals of the group, three (2002: three) are executive directors whose emoluments are set out in note 6 to the financial statements. The emoluments of the other two (2002: two) individuals are as follows:—

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Salaries and other benefits	<u><b>498,036</b></u>	<u>495,616</u>

The aggregate emoluments of each employee are within the emolument band ranging from HK\$ Nil to HK\$1,000,000.

### 8. TAXATION

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	HK\$
Taxation in the consolidated income statement represents —		
Provision for Hong Kong profits tax for the year	<b>(935,000)</b>	(796,000)
(Under)/over-provision in respect of previous years	<b>(251,390)</b>	181
	<u><b>(1,186,390)</b></u>	<u>(795,819)</u>

Provision for Hong Kong profits tax is made at 16% (2002: 16%) on the estimated assessable profit for the year.

The group and the company have not accounted for deferred tax benefit in the financial statements as it is uncertain whether such benefit will crystallise in the foreseeable future. At the balance sheet date, the potential tax benefit on timing differences was as follows:

	<b>The group</b>		<b>The company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Accelerated depreciation allowances	<b>(211,000)</b>	(373,000)	<b>(5,000)</b>	(5,000)
Tax losses	<b>1,843,000</b>	1,324,000	<b>1,843,000</b>	1,277,000
Unrealised holding gains on trading securities	<b>(244,000)</b>	(408,000)	<b>(244,000)</b>	(408,000)
Provisions	<b>338,000</b>	224,000	<b>153,000</b>	112,000
	<u><b>1,726,000</b></u>	<u>767,000</u>	<u><b>1,747,000</b></u>	<u>976,000</u>



# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 8. TAXATION (Cont'd)

The surplus arising on revaluation of the group's investment properties does not constitute a timing difference for deferred tax purpose as realisation of such surplus does not give rise to any deferred tax liability.

### 9. LOSS PER SHARE

The calculation of loss per share is based on the consolidated loss after tax of HK\$12,550,317 (2002: HK\$2,766,530) and on 40,000,000 shares (2002: 40,000,000 shares) in issue during the year.

### 10. PROPERTY, PLANT AND EQUIPMENT

The group	Investment properties HK\$	Leasehold properties HK\$	Leasehold improvement HK\$	Furniture, fixtures & equipment HK\$	Total HK\$
<b>Cost or valuation</b>					
At 1 April 2002	75,540,000	3,758,960	570,900	198,657	80,068,517
Additions	—	—	—	798	798
Disposals	—	—	—	(6,500)	(6,500)
Deficit on revaluation	(10,940,000)	—	—	—	(10,940,000)
At 31 March 2003	<u>64,600,000</u>	<u>3,758,960</u>	<u>570,900</u>	<u>192,955</u>	<u>69,122,815</u>
<b>Aggregate depreciation</b>					
At 1 April 2002	—	939,740	335,907	124,211	1,399,858
Charge for the year	—	93,974	23,499	6,447	123,920
Written back on disposal	—	—	—	(3,878)	(3,878)
At 31 March 2003	—	<u>(1,033,714)</u>	<u>(359,406)</u>	<u>(126,780)</u>	<u>(1,519,900)</u>
<b>Net book value</b>					
At 31 March 2003	<u>64,600,000</u>	<u>2,725,246</u>	<u>211,494</u>	<u>66,175</u>	<u>67,602,915</u>
At 31 March 2002	<u>75,540,000</u>	<u>2,819,220</u>	<u>234,993</u>	<u>74,446</u>	<u>78,668,659</u>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 10. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The company	Investment properties <i>HK\$</i>	Furniture, fixtures & equipment <i>HK\$</i>	Total <i>HK\$</i>
<b>Cost or valuation</b>			
At 1 April 2002	2,600,000	57,976	2,657,976
Deficit on revaluation	<u>(500,000)</u>	<u>—</u>	<u>(500,000)</u>
At 31 March 2003	<u>2,100,000</u>	<u>57,976</u>	<u>2,157,976</u>
<b>Aggregate depreciation</b>			
At 1 April 2002	—	18,015	18,015
Charge for the year	<u>—</u>	<u>3,996</u>	<u>3,996</u>
At 31 March 2003	<u>—</u>	<u>(22,011)</u>	<u>(22,011)</u>
<b>Net book value</b>			
At 31 March 2003	<u>2,100,000</u>	<u>35,965</u>	<u>2,135,965</u>
At 31 March 2002	<u>2,600,000</u>	<u>39,961</u>	<u>2,639,961</u>

All the properties are situated in Hong Kong and are held under following lease terms:—

	<b>2003</b> <i>HK\$</i>	2002 <i>HK\$</i>
<b>The group</b>		
Investment properties —		
Medium term	<b>57,530,000</b>	66,870,000
Long term	<b>7,070,000</b>	8,670,000
	<u><b>64,600,000</b></u>	<u>75,540,000</u>
Leasehold properties —		
Medium term	<u><b>2,725,246</b></u>	<u>2,819,220</u>
<b>The company</b>		
Investment properties —		
Medium term	<u><b>2,100,000</b></u>	<u>2,600,000</u>

The group's investment properties were revalued on 31 March 2003 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 11. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	<b>HK\$</b>
Cost at beginning of year	<b>71,892,196</b>	70,856,291
Additions	<b>1,709,165</b>	1,035,905
Cost at end of year	<b>73,601,361</b>	71,892,196
Provision for impairment loss	<b>(48,825,000)</b>	(39,975,000)
	<b><u>24,776,361</u></b>	<b><u>31,917,196</u></b>

The properties held for or under development are situated in Hong Kong and are held under medium term leases. Provision for impairment loss is calculated by reference to the open market value of the properties at the balance sheet date as appraised by independent firm of professional surveyors.

### 12. INVESTMENT SECURITIES

	<b>The group</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	<b>HK\$</b>
Equity shares listed in Hong Kong, at cost	<b>62,321,602</b>	61,345,199
Provision for diminution in value	<b>(23,349,000)</b>	(15,370,000)
	<b><u>38,972,602</u></b>	<b><u>45,975,199</u></b>
Market value	<b><u>38,269,346</u></b>	<b><u>45,609,272</u></b>

### 13. INTEREST IN SUBSIDIARIES

	<b>The company</b>	
	<b>2003</b>	2002
	<b>HK\$</b>	<b>HK\$</b>
Unlisted investments at cost	<b>6,481,102</b>	6,481,102
Advances to subsidiaries	<b>165,873,812</b>	166,238,515
	<b>172,354,914</b>	172,719,617
Advances from subsidiaries	<b>(32,645,087)</b>	(28,033,007)
	<b>139,709,827</b>	144,686,610
Provision for loss	<b>(85,735,752)</b>	(68,755,573)
	<b><u>53,974,075</u></b>	<b><u>75,931,037</u></b>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 13. INTEREST IN SUBSIDIARIES (Cont'd)

Particulars of the subsidiaries at 31 March 2003 were as follows:—

Name	Place of incorporation/ operation	Principal activity	Percentage of holding held directly	Issued share capital HK\$
Hing Full Far East Development Ltd.	Hong Kong	Dormant	100%	10,000
Hing Lung Properties Limited	Hong Kong	Property development	100%	10,000
Hing Shing Far East Development Ltd	Hong Kong	Share investment	100%	10,000
Konchoy Limited	Hong Kong	Property investment	100%	2
Wang Fung Far East Development Ltd.	Hong Kong	Dormant	100%	10,000
Winful Far East Limited	Hong Kong	Property investment/ development	100%	100
Yick Fu Investment Co. Ltd.	Hong Kong	Property investment	100%	1,800,000
YLH Limited	Hong Kong	Dormant	100%	10,000

Advances among group companies are unsecured, interest free and repayable on demand.

### 14. DEBTORS, DEPOSITS AND PREPAYMENTS

Included therein are rental receivables of the group of HK\$367,822 (2002: HK\$292,645) and the company of HK\$12,483 (2002: Nil) which were current and within normal credit period.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 15. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Balance at beginning of year	<b>1,400,000</b>	1,320,000	<b>700,000</b>	660,000
Provision for the year	<b>530,000</b>	80,000	<b>172,000</b>	40,000
Balance at end of year	<b><u>1,930,000</u></b>	<u>1,400,000</u>	<b><u>872,000</u></b>	<u>700,000</u>

Provision for long service payments is made for all employees, including the directors, who had worked under continuous contract for a minimum of five years as at the balance sheet date, and is calculated in accordance with the provisions of the Employment Ordinance. The employees will only be entitled to the long service payments when the conditions under the Employment Ordinance are met upon termination of employment.

### 16. SHARE CAPITAL

	2003		2002	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
<b>Authorised</b>				
Ordinary shares of HK\$1 each	<b><u>60,000,000</u></b>	<b><u>60,000,000</u></b>	<u>60,000,000</u>	<u>60,000,000</u>
<b>Issued and fully paid</b>				
Ordinary shares of HK\$1 each	<b><u>40,000,000</u></b>	<b><u>40,000,000</u></b>	<u>40,000,000</u>	<u>40,000,000</u>

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 17. RESERVES

The group	Capital reserve <i>HK\$</i>	Investment property revaluation reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
<b>Balance at 1 April 2001</b>	251,046	39,929,398	129,079,746	169,260,190
Loss for the year	—	—	(2,766,530)	(2,766,530)
Dividends ( <i>note 18</i> )	—	—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties	—	(4,410,000)	—	(4,410,000)
<b>Balance at 31 March 2002 and 1 April 2002</b>	251,046	35,519,398	122,713,216	158,483,660
Loss for the year	—	—	(12,550,317)	(12,550,317)
Dividends ( <i>note 18</i> )	—	—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties	—	(10,940,000)	—	(10,940,000)
<b>Balance at 31 March 2003</b>	<u>251,046</u>	<u>24,579,398</u>	<u>106,562,899</u>	<u>131,393,343</u>
The company		Investment property revaluation reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
<b>Balance at 1 April 2001</b>		1,185,848	88,915,208	90,101,056
Loss for the year ( <i>note 19</i> )		—	(7,182,917)	(7,182,917)
Dividends ( <i>note 18</i> )		—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties		(400,000)	—	(400,000)
<b>Balance at 31 March 2002 and 1 April 2002</b>		785,848	78,132,291	78,918,139
Loss for the year ( <i>note 19</i> )		—	(19,179,886)	(19,179,886)
Dividends ( <i>note 18</i> )		—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties		(500,000)	—	(500,000)
<b>Balance at 31 March 2003</b>		<u>285,848</u>	<u>55,352,405</u>	<u>55,638,253</u>

Distributable reserves of the company at the balance sheet date, calculated under Section 79B of the Companies Ordinance, amounted to HK\$58,152,405 (2002: HK\$80,932,291).

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 18. DIVIDENDS

	<b>2003</b> <i>HK\$</i>	2002 <i>HK\$</i>
Dividends attributable to the year —		
Interim dividend at HK\$0.02 (2002: HK\$0.02) per share paid during the year	<b>800,000</b>	800,000
Final dividend at HK\$0.07 (2002: HK\$0.07) per share proposed after the balance sheet date	<b>2,800,000</b>	2,800,000
	<b><u>3,600,000</u></b>	<b><u>3,600,000</u></b>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

### 19. LOSS ATTRIBUTABLE TO SHAREHOLDERS

	<b>The company</b>	
	<b>2003</b> <i>HK\$</i>	2002 <i>HK\$</i>
Loss attributable to the shareholders and dealt with in the financial statements of the company ( <i>note 17</i> )	<b><u>(19,179,886)</u></b>	<b><u>(7,182,917)</u></b>

### 20. CAPITAL COMMITMENTS

	<b>The group</b>	
	<b>2003</b> <i>HK\$</i>	2002 <i>HK\$</i>
Capital expenditures in respect of properties under development outstanding at the balance sheet date were as follows:		
Contracted but not provided for	<b>216,000</b>	2,900,000
Authorised but not contracted for	<b>12,553,346</b>	15,000,000
	<b><u>12,769,346</u></b>	<b><u>17,900,000</u></b>

The company had no significant capital commitments at the balance sheet date.

# WINFAIR INVESTMENT COMPANY LIMITED

## Notes to Financial Statements (Cont'd)

For The Year Ended 31 March 2003

### 21. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the total future minimum lease receipts under non-cancellable operating leases for the following periods were:

	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Not later than one year	<b>7,132,000</b>	7,230,700	<b>141,000</b>	144,000
Later than one year and not later than five years	<b>3,077,100</b>	7,578,200	—	60,000
	<b><u>10,209,100</u></b>	<u>14,808,900</u>	<b><u>141,000</u></b>	<u>204,000</u>

The operating leases normally run from one to three years.