

Chairman's Statement

On behalf of the board, I am delighted to report the group's financial results and activities for the year ended 31 March 2004.

RESULTS AND DIVIDENDS

The group recorded a turnover of HK\$10,736,000 for the year. As compared to the previous year, the turnover dropped by HK\$3,040,000 or 22%. The decrease in turnover was due to the absence of sales of trading securities and decrease in rental income for the year. Although the turnover has dropped, the group had a turn-around in its result from a loss of HK\$12,550,000 in last year to a profit of HK\$18,532,000 in the current year. The significant improvement in the result for the year was attributed to the absence of unrealised holding losses on the group's trading and other securities and no provision required for impairment loss on investment securities and properties held for or under development. On the contrary, the recovery of the property and stock markets led to unrealised holding gains on trading and other securities and write-back of provision for impairment loss on properties held for or under development totalling HK\$11,109,000 for the year.

In January 2004, an interim dividend of 2 cents per share was paid. The board now recommends a final dividend of 9 cents per share, absorbing a total of HK\$3,600,000. Subject to the approval by the shareholders, such dividend will be payable on 3 September 2004.

REVIEW OF OPERATIONS

Property development

The development of the residential/commercial property at 201-203 Castle Peak Road has progressed to the stage of superstructure construction. Barring any unforeseen circumstances, the construction work is expected to be completed in 2005. Regarding the proposed residential project at Ping Shan, Yuen Long, after lengthy negotiations the group still finds the land premium for change of use finally offered by the government being on the high side and not acceptable. The group will look for alternative development plan.

Property investment

The group's investment property portfolio remained unchanged during the year. As the occupancy rate has dropped slightly, the rental income for the year amounted to HK\$7,199,000, being decreased by HK\$614,000 or 7.9% as compared to the previous year. As at 31 March 2004, the group appointed an independent valuer to carry out a revaluation of the group's investment properties and a revaluation surplus of HK\$4,880,000 was reported. At the balance sheet date, the group's investment property portfolio amounted to HK\$69,480,000.



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Share investments and dividend income

During the year, the group did not deal in short term trading securities, but acquired some good quality shares amounting to HK\$15,231,000 for long term investment. As a result, dividend income for the year increased by HK\$230,000 or 7% to HK\$3,537,000. At the balance sheet date, the group's share investments, including both for short term and long term purposes, had a carrying amount of HK\$61,560,000.

Liquidity and financial resources

As in the past, the group has no external borrowings and always maintains a sound liquidity position. At the balance sheet date, the group had liquid funds at banks amounting to HK\$25,950,000 which is sufficient to meet the group's near future funding requirements.

Prospects

Recognising that the property industry is a major constituent of the economy of Hong Kong, the government has in the past few years implemented a lot of measures attempting to revive the property market. We believe that favourable effects of these measures are now gradually surfacing and reflected in the rebound of property prices early this year. We hope that such positive trend could be maintained in the future. With a better economic environment ahead, the group will continue its prudent investment policy as well as aggressively look for investment projects with adequate returns.

Appreciation

I appreciate the support and co-operation of my fellow directors and staff of the group and thank them for their dedicated service and contribution.

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Chairman

Hong Kong, 12 July 2004



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