

## BUSINESS REVIEW

For the six months ended 30 September 2001, the Group recorded a loss of approximately HK\$40 million which was mainly caused by comparatively small turnover in the period. As compared with the loss of HK\$118 million largely attributed to an accumulated finance cost being recorded and to loss on disposal of property in the corresponding period last year, the loss in the period under review fell significantly.

Turnover comprises proceeds from sale of properties, rental income and building management and agency fees. Proceeds from sale of properties during the period under review was approximately HK\$36 million, accounting for 75% of the total turnover of the Group, representing a decrease of 66% as compared with the same period last year. Such decrease was mainly due to the illiquidity of commercial properties in the market resulting in the Group being unable to sustain its sales. The drop in value of the properties being disposed also added to such decrease. Income derived from rental was approximately HK\$9.49 million, accounting for 20% of the total turnover, representing a decrease of 12% as compared with the preceding corresponding period. The drop in rental income was mainly due to the decline in the rentable area as a result of disposal of properties during the period under review. Building management and agency fees amounted to approximately HK\$2.33 million, representing 5% of the total turnover.

In July 2001, a subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party, pursuant to which it will purchase, at a consideration of HK\$25 million, from the third party such number of shares representing 12% of the issued share capital of a company whose principal activities are the provision of satellite broadband internet access services in Hong Kong and the PRC. The completion of the acquisition is expected to take place around the end of January 2002 if the agreement becomes unconditional.

**WAH TAK FUNG HOLDINGS LIMITED**

In the same month, the Company also entered into two conditional agreements, a share sale agreement and a subscription agreement, with Mr. Chu Yu Lin, David (“Mr. Chu”), the director and chairman of the Company, and Hong Kong Satellite Technology Holdings Limited (“HK Satellite”) respectively. Pursuant to the share sale agreement, the Company purchased from Mr. Chu 150 shares in HK Satellite, representing about 1.5% of its existing issued share capital for a consideration of US\$15 million which was satisfied by the issue of 390,000,000 new shares of the Company. Pursuant to the subscription agreement, the Company subscribed for 50 new shares in HK Satellite, representing about 0.5% of its issued share capital for a total cash consideration of US\$5 million. The above acquisitions were completed at the end of October 2001.