

## CHAIRMAN'S STATEMENT

### **To the shareholders,**

I wish to present hereby the annual report of Wah Tak Fung Holdings Limited for the financial year ended March 31, 2002.

Wah Tak Fung Holdings Limited is principally engaged in the leasing and sales of Grade B office spaces. Results of the Company were good before 1997, when Hong Kong was handed over to the PRC and numerous mainland companies established offices in Hong Kong, giving a significant boost to local rentals. However, the asset values and rental rates of Grade B office spaces then plunged under the economic turmoil after the handover, and the Company suffered from a cash flow problem. Despite the hardship, the Company has been working hard to improve the situation. During the year, the Company made considerable achievement in reducing its liabilities and increasing its net asset value (see chart). I would like to express on behalf of the Board of Directors our gratitude to our banks, shareholders and staff for their continued support throughout the years.

The general economy and economic structure in Hong Kong have undergone a drastic change after the economic turmoil. Many traditional companies needed to reposition their businesses. Being an electronic engineer, I came to know a number of Israeli electronic engineers and scientists during my stay in the USA many years ago. In line with the development of advanced technology in Hong Kong, we have set up a satellite technology company with other Israeli and PRC satellite companies. This company is involved in establishing a satellite network that covers all over the PRC and Asia. I believe this operation will have booming prospects under the support from the shareholders. And I hope that Wah Tak Fung will be able to successfully undertake the necessary financing exercises to increase its shareholding in this satellite technology company. Meanwhile, Wah Tak Fung will also aggressively participate in the provision and development of satellite services for broadcasting and Internet communications in the PRC and the Asian region.

We are pleased that Wah Tak Fung has such an exceptional opportunity to partake in a satellite project that covers half of the population on the Earth. We are confident that this project will enjoy good development potential. However, it takes time for a company to go through transformation, and therefore I would like to ask for the patience and support of shareholders. I look forward to complete this transformation process step by step, in compliance with the rules and regulations of the Stock Exchange of Hong Kong Limited.

I am confident that the satellite services business of Wah Tak Fung has enormous development potential, although certain risks are inevitable in this undertaking. With our good connections in the PRC and our pool of outstanding talents, we are committed to expand our business into the arena of advanced technology. By doing so, the management and I intend to strive towards the brilliant future with the shareholders of Wah Tak Fung and contribute on our part to Hong Kong.





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Last but not least, I believe Wah Tak Fung is like everyone here in Hong Kong, and is capable of breaking through the adversity by combining the financing support of Hong Kong, the market opportunities of the PRC and the technological know-how of overseas countries. Ultimately, we hope to build a better future for Wah Tak Fung, and a better future for Hong Kong.

By order of the Board

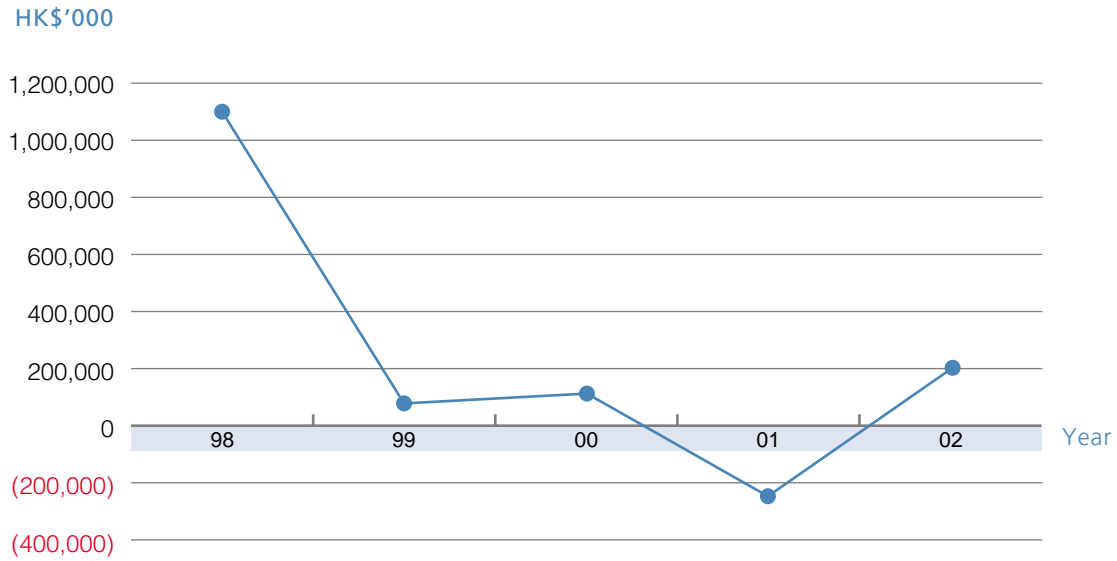
**Chu Yu Lin, David**

*Chairman*

Hong Kong, July 25, 2002

## CHAIRMAN'S STATEMENT

### Net asset value performance in the past 5 years



### Bank and other borrowings level in the past 5 years

