

and Mr. Chu Yu Lin, David to further extend the date for completion of the subscription agreement dated 25 April 2002 for the subscription of 200 new shares of US\$1 each in Hong Kong Satellite by the Company at a consideration of US\$20 million to on or before 31 December 2002 (or such other date as the parties may agree to) and to terminate the said subscription agreement if completion of the Placing Agreements does not occur on or before 31 December 2002 (or such other date as the parties may agree to).

INTERIM DIVIDEND

The Directors resolved not to declare an interim dividend for the six months ended 30 September 2002 (six months ended 30.9.2001: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The total bank debt of the Group as at 30 September 2002 was slightly reduced to HK\$257 million from HK\$269 million as at 31 March 2002. The gearing ratio, calculated on the basis of the Group's total bank borrowings over its total assets, was 53% at the interim period end date.

BUSINESS REVIEW

For the six months ended 30 September 2002, the Group recorded a loss of approximately HK\$30 million, down 24% as compared with HK\$40 million loss in the last corresponding period. The reduction in loss was mainly attributed to the drop of finance costs resulting from the reduction of the Group's debts following the disposal of a debt-laden property in the prior year and the decrease in administrative expenses.

During the period under review, the global economy was gloomy and volatile. As affected by the globally weakening market sentiment, the economy in Hong Kong was also hard hit by the rising unemployment rate and the widening deflation, along with the structural budget deficit, unresolved. The investors, especially in the property investment sector, were losing confidence in the property market, making the property market transactions very sluggish.

Despite this economic environment, turnover of the Group during the reporting period was HK\$71.34 million, representing an increase of approximately 49% from HK\$47.82 million in the last corresponding period. Proceeds from sale of properties was approximately HK\$59 million, being approximately 83% of the total turnover, representing an increase of approximately 64% as compared with the corresponding period last year. Income derived from rental was approximately HK\$9.91 million, accounting for approximately 14% of the total turnover, representing an increase of 4% as compared with the preceding corresponding period. During the period under review, the Group witnessed a remarkable decline in the rental price, such effect however was substantially offset by the increase in the rentable floor area following the acquisition of a commercial property by the Group during the debt restructuring exercise implemented early this year. Building management and agency fees contributed approximately HK\$2.52 million, or approximately 3% of the total turnover, representing a slightly increase of approximately 8% as compared with the corresponding preceding period.