

In April 2002, the Company entered into two conditional placing agreements with two independent third parties to place an aggregate of 487,500,000 new shares at a price of HK\$0.40 per share in the issued share capital of the Company. In the same month, the Company also entered into a conditional subscription agreement with Hong Kong Satellite Technology Holdings Limited ("Hong Kong Satellite"), a company in which Mr. Chu Yu Lin, David, the chairman of the Company who together with the shares held by Mrs. Chu Ho Miu Hing, has controlling interest, to subscribe for a further of 200 shares in Hong Kong Satellite at a consideration of US\$20 million. The Company, when aggregated with the previous acquisition, will hold up to 3.9% equity interest in Hong Kong Satellite after the completion of the transaction. Subject to the fulfillment of the conditions in the placing agreements and the subscription agreement, the completion of the above transactions is to take place by the end of December 2002.

The Company also in May 2002 entered into a conditional agreement to acquire a 80% interest in the issued share capital of, and 80% of the shareholders' loan due by, a company the subsidiary of which has acquired a 127,000 sq. ft. site at Tai Po Industrial Estate which, if proceeded with, will be used by the Group for providing satellite related communication services. Due to certain conditions precedent had not been satisfied by the deadline for the fulfillment of such conditions, the agreement was finally terminated.

In September 2002, a subsidiary of the Company signed a sale and purchase agreement with an independent third party whereby the property holding subsidiary had agreed to sell the whole of Workingmond Commercial Building at Tsimshatsui for a total consideration of HK\$55 million. The transaction was completed on 10 December 2002 and the proceed arising from such disposal was used to apply towards the relevant bank loan of the Group.

PROSPECTS

Targeting customers that cover half of the population on the Earth in China, the satellite business development potential is enormous. And Wah Tak Fung has such an exceptional opportunity to take part in this project although risks are inevitable in this undertaking. In the recent months, the economic environment and the share market performance in Hong Kong has been less than optimistic, affecting the fund raising activities of and hence the business activities to be carried out by the Group. Notwithstanding this, the directors consider such situation is only temporary and that the anticipated business of the Company can be ultimately getting back on apply right track for full development once the overall atmosphere is turning better.