

# Chairman's Statement

## To Our Shareholders

I wish to present the annual report of Wah Tak Fung Holdings Limited for the financial year ended March 31, 2001.

The financial statements as at March 31, 2001 show that the Group had recorded a capital deficiency, i.e. the total assets had not been able to cover the total liabilities of the Group, of a significant magnitude. To improve this, the Group will use its best endeavour to arrive at a debt restructuring arrangement to be agreed with the creditor banks on one hand, and to seek strategic investors raising additional equity funding for the Group on the other. Above all and in the long run, it is found necessary for the Group to reposition itself to a business that can generate stable, sustainable and sufficient income and bring about a new outlook to the overall business development and financial structure of the Group.

Recently, the Company has entered into various agreements to commit itself to the development of satellite and related business. It is anticipated that the new business will offer substantial market potential generating enormous yet stable income for the Group in the long run. It is expected that the business is capable of reviving the Group from such unfavourable financial position and hence the participation by the Group in the business would be for the best interest of the shareholders as a whole.

I would like to take this opportunity to thank my colleagues and the staff of the Group for their dedication and perseverance in bringing the Group through the difficult times. I would like to record a token of thanks to our bankers who have demonstrated tremendous patience and given valuable support for the well being of the Group.

**Lu Xin**

*Vice Chairman and Managing Director*

Hong Kong, July 26, 2001

