

## Chairman's Statement

On behalf of the Board of Directors (the "Directors") of Wah Fu International Holdings Limited (the "Company") together with its subsidiaries (the "Group"), I am pleased to present the annual report and the audited results of the Group for the financial year ended 31st March 2001.

### Results for the year

For the year ended 31st March 2001, turnover of the Group amounted to approximately HK\$32.5 million and the loss attributable to shareholders amounted to approximately HK\$30.5 million.

### Future plans and prospects

During the year ended 31st March 2001, the Group disposed of the luggage and portfolio manufacturing facilities in Dongguan. It was decided to maintain the business of design, marketing and distribution of the luggage business, albeit in a more controlled manner, in order to return to profitability.

With regards to Quamnet, a well-known financial website acquired by the Group on 30th January 2001, the management spent much time in refining the business model in order to reduce costs, increase revenues and offer a more sustainable revenue model.

On the revenue side, Quamnet implemented a subscription model covering three sectors:

- Real-time quotes
- Wealth management centre known as Quam Plus
- Access to Chan Wing Luk's chat room and questions and answers.

Quamnet started a Quam investor relation program ("Quam IR") which targets listed companies on The Stock Exchange of Hong Kong Limited. This has already achieved some early successes with 15 companies applying for such a service.

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### Future plans and prospects *(Continued)*

We have expanded our sale of content while making available profitably, our website, to quality product and service providers. We intend to rollout, in the near future, further components of our wealth management centre, thus providing our page viewers with expanded facilities and information.

On the expense side, staff costs were reduced and teams were regrouped to offer more cohesiveness. The availability of free real time quotes to our viewers was reduced while payments to third party content providers were selectively cut.

The management's aim is to achieve break even by December 2001. Our objective in the future, is to maintain and improve Quamnet as the foremost distribution platform for quality financial products and services covering a broad spectrum of investment including Initial Public Offerings, bonds, funds, foreign exchange and other like products.

With a view to realizing this objective, the Group has expressed, in the past, its intention to expand its investments in both on-line and off-line financial services.

This intention is being addressed as the Group announced its intention to acquire the brokerage and investment banking activities of Asia Pacific Creation Limited in Hong Kong ("APC HK"). The Group is expected to acquire APC HK at a maximum cost of HK\$90 million of which HK\$78.3 million will be settled in cash and HK\$11.7 million in convertible bond representing a premium of 15% over the net asset value of HK\$78.3 million.

In the future, we further intend to look into the possibility of acquiring independent financial advisers as well as asset managers which can complement our provision of financial services to middle and high net worth individuals.

Our aim was always to blend "clicks and bricks", and we feel the Group is well placed to achieve this objective.

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### Appreciation

I would like to express my sincere appreciation to the dedication of the management and staff and to all shareholders, suppliers, customers and bankers for their continuing support to the Group.

**Bernard Pouliot**

*Chairman*

Hong Kong, 4th July 2001