

To the shareholders,

I wish to present hereby the annual report of Wah Tak Fung Holdings Limited for the financial year ended March 31, 2003.

For the past few years, like many other companies in Hong Kong, Wah Tak Fung has weathered a number of challenges. Property prices fall as Hong Kong economy is experiencing structural changes, driving companies engaging in property investment into unprecedented difficulties.

Despite such prolonged adversity, the Company endeavors to extricate itself from the predicament and to improve its financial condition. In order to reduce its debts, the Company underwent series of debt restructuring one odd year ago and, as a result, the Company's indebtedness had been cut down significantly. As for financial improvement, though some positive results had yielded, the improved financial condition deteriorated again as property prices kept plunging during the period under review. As such, the management has been actively negotiating with the creditor banks for scheme of arrangement, and I am confident that, with our consistent positive attitude, the debt issue can be settled in the near future.

In addition, I have also been identifying new investment opportunities with all my strength for the Company, such that the business of the Company sees healthy development. Against a backdrop of gloomy global economy and the Gulf War, as well as the overall depression in the Territory last year, Wah Tak Fung's efforts on transforming its business into high-tech industry inevitably encountered impediments. However, I will never waver in my determination to transform Wah Tak Fung, and will continue to seek business opportunities as always. After the end of war and the economic resurgence, the management and I will surmount every difficulty and do all we can to open up a promising prospect for Wah Tak Fung by utilizing my extensive relationships in the mainland.

Lastly, I would like to take this chance to extend thanks to my colleagues who pull through together with the Company, the bankers for their consistent patience with, and supports for the Company, and the shareholders for their trust in me.

Chu Yu Lin, David
Chairman

Hong Kong, July 25, 2003