



REXCAPITAL Financial Holdings Limited

御泰金融控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

中期報告
Interim Report
2004

The board of directors (the "Board") of REXCAPITAL Financial Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004.

御泰金融控股有限公司(「本公司」)董事會(「董事會」)謹此公佈本公司及其附屬公司(統稱「本集團」)截至二零零四年六月三十日止六個月之未經審核綜合業績。

Condensed Consolidated Income Statement

For the six months ended 30 June 2004

簡明綜合損益表

截至二零零四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		2004 (unaudited) 二零零四年 (未經審核)	2003 (unaudited) 二零零三年 (未經審核)	
		HK\$'000 千港元	HK\$'000 千港元	
	Notes 附註			
Turnover	營業額	3	131,903	23,227
Other revenue	其他收入		42	1,723
Cost of trading of listed securities	買賣上市證券之成本		(90,776)	-
Commission expenses	佣金支出		(6,238)	(3,098)
Amortization of intangible assets	無形資產攤銷		(646)	(647)
Depreciation	折舊		(1,244)	(1,532)
Provision for doubtful debts	呆賬撥備		(4,500)	-
Unrealized loss on revaluation of trading securities	重估交易證券之 未變現虧損		(7,043)	-
Staff costs	員工成本		(9,167)	(6,220)
Other operating expenses	其他經營開支		(7,993)	(10,530)
Operating profit	經營溢利		4,338	2,923
Finance costs	融資成本		(6,606)	(2,454)
(Loss)/profit before taxation	除稅前(虧損)/溢利		(2,268)	469
Taxation	稅項	4	-	2
(Loss)/profit for the period	本期(虧損)/溢利		<u>(2,268)</u>	<u>471</u>
Dividend	股息	5	-	-
(Loss)/earnings per share	每股(虧損)/盈利			
Basic	基本	6(a)	<u>(0.08) cents 仙</u>	<u>0.02 cents 仙</u>
Diluted	攤薄	6(b)	<u>N/A 不適用</u>	<u>N/A 不適用</u>

Condensed Consolidated Balance Sheet

At 30 June 2004

簡明綜合資產負債表

於二零零四年六月三十日

			At 30 June 2004 (unaudited) 於二零零四年 六月三十日 (未經審核)	At 31 December 2003 (audited) 於二零零三年 十二月三十一日 (經審核)
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT ASSETS				
Fixed assets		6,142	6,822	6,822
Intangible assets		646	1,292	1,292
Investment security		50	50	50
Statutory deposits		3,681	3,736	3,736
Deferred tax asset		211	211	211
		10,730	12,111	12,111
CURRENT ASSETS				
Trade receivables	7	435,279	357,548	357,548
Other debtors, deposits and prepayments		3,389	4,935	4,935
Trading securities		9,265	35	35
Bank balances and cash	8	77,919	89,627	89,627
		525,852	452,145	452,145
CURRENT LIABILITIES				
Trade payables	9	94,943	93,310	93,310
Other payables and accruals		5,387	6,984	6,984
Loan from a related company	12(b)	181	-	-
Bank loan and overdrafts		202,433	128,056	128,056
		302,944	228,350	228,350
NET CURRENT ASSETS		222,908	223,795	223,795
NET ASSETS		233,638	235,906	235,906
CAPITAL AND RESERVES				
Share capital		30,000	30,000	30,000
Reserves		203,638	205,906	205,906
TOTAL CAPITAL AND RESERVES		233,638	235,906	235,906

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2004

簡明綜合權益變動表

截至二零零四年六月三十日止六個月

		Share capital	Share premium	Capital reserve	Retained profit/ (accumulated losses)	Special reserve	Total
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	資本儲備 HK\$'000 千港元	保留溢利/ (累計虧損) HK\$'000 千港元	特別儲備 HK\$'000 千港元	總計 HK\$'000 千港元
At 31 December 2002, as previously reported	於二零零二年 十二月三十一日， 較早前申報	60,000	43,652	22	(1,572)	127,581	229,683
Adjustment on adoption of SSAP 12 (revised)	採納會計實務準則 第12號(修訂版) 所作調整	-	-	-	2,191	-	2,191
At 31 December 2002, as restated	於二零零二年 十二月三十一日， 重列	60,000	43,652	22	619	127,581	231,874
Profit for the period	本期溢利	-	-	-	471	-	471
At 30 June 2003	於二零零三年 六月三十日	<u>60,000</u>	<u>43,652</u>	<u>22</u>	<u>1,090</u>	<u>127,581</u>	<u>232,345</u>
At 31 December 2003	於二零零三年 十二月三十一日	30,000	-	-	93,636	112,270	235,906
Loss for the period	本期虧損	-	-	-	(2,268)	-	(2,268)
At 30 June 2004	於二零零四年 六月三十日	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>91,368</u>	<u>112,270</u>	<u>233,638</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2004

簡明綜合現金流量表

截至二零零四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2004 (unaudited) 二零零四年 (未經審核) HK\$'000 千港元	2003 (unaudited) 二零零三年 (未經審核) HK\$'000 千港元
Net cash used in operating activities	用於經營活動之現金淨額	(79,111)	(148,864)
Net cash used in investing activities	用於投資活動之現金淨額	(606)	(49)
Net cash generated from financing activities	來自融資活動之現金淨額	-	61,975
Decrease in cash and cash equivalents	現金及現金等價物之減少	(79,717)	(86,938)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	(99,727)	18,036
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	(179,444)	(68,902)
Analysis of the balances of cash and cash equivalents	現金及現金等價物結餘分析		
Bank balances – general accounts	銀行結餘 – 一般賬戶	22,965	44,994
Cash in hand	手頭現金	24	20
Bank loan and overdrafts	銀行貸款及透支	(202,433)	(113,916)
		(179,444)	(68,902)

Notes to the Condensed Unaudited Consolidated Accounts

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註

截至二零零四年六月三十日止六個月

1. BASIS OF PREPARATION

The condensed interim accounts are unaudited, but have been reviewed by the Company's audit committee. The condensed consolidated accounts of the Group have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services including money lending, investment trading and holding, broking, securities margin financing, corporate finance and asset management.

On 12 January 2004, the Group entered into a conditional sale and purchase agreement with REXCAPITAL Group Limited regarding the disposal of the entire issued share capital of REXCAPITAL Financial Group Limited ("RFG") at a consideration of HK\$229,000,000, subject to adjustment with reference to the unaudited consolidated net asset value of RFG and its subsidiaries (together the "RFG Group") as at the determination date in accordance with the terms of the sale and purchase agreement, and will be payable in cash upon completion. RFG Group is principally engaged in the provision of financial services including broking, securities margin financing and asset management. This transaction has not been completed up to the date of the accounts.

Upon completion of this disposal, the Group will cease to provide broking, securities margin financing, corporate finance and asset management services, but will continue to engage in the money lending, investment trading and holding activities.

Accordingly, the broking, securities margin financing, corporate finance and asset management segments are reported in the accounts for the six months ended 30 June 2004 as discontinuing operations.

1. 編製基準

本簡明中期賬目乃未經審核，但已由本公司之審核委員會審閱。本集團之簡明綜合賬目乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16所載之適用披露規定及香港會計師公會頒佈之會計實務準則（「會計實務準則」）第25號「中期財務報告」而編製。

本公司乃一間投資控股公司，其附屬公司主要提供貸款、投資買賣及控股、經紀業務、證券孖展融資、企業融資及資產管理等金融服務。

於二零零四年一月十二日，本集團與REXCAPITAL Group Limited簽訂有條件買賣協議，出售REXCAPITAL Financial Group Limited（「RFG」）全部已發行股本，代價為229,000,000港元，惟須根據買賣協議之條款根據RFG及其附屬公司（統稱「RFG集團」）於釐定日期之未經審核綜合資產之淨值而調整，並於完成後以現金支付。RFG集團主要業務為提供金融服務，包括經紀業務、證券孖展融資服務及資產管理。至本賬目日期止，此項交易尚未完成。

於此出售完成後，本集團將停止提供經紀業務、證券孖展融資服務，以及企業融資及資產管理服務，惟將繼續從事貸款以及投資買賣及控股活動。

因此，經紀業務、證券孖展融資、企業融資及資產管理等分部於截至二零零四年六月三十日止六個月之帳目中被呈報為終止中業務。

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

The condensed accounts have been prepared under the historical cost convention, as modified for the revaluation of investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual accounts for the year ended 31 December 2003.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

An analysis of the Group's unaudited turnover and segmental results for the period by principal activities is as follows:

Business segments

For the six months ended 30 June 2004

2. 主要會計政策

簡明賬目已按歷史成本慣例編製，惟就證券投資則以重估值列賬。

所採用之會計政策與本集團截至二零零三年十二月三十一日止年度之年度賬目所採用者一致。

3. 業務及地區分部

以下為本集團期內根據其主要業務對未經審核之營業額及分部業績作出之分析：

業務分部

截至二零零四年六月三十日止六個月

		Continuing 持續		Discontinuing 終止中			Total 總計
		Money lending	Investment trading and holding	Broking	Securities margin financing	Corporate finance and asset management 企業融資 及 資產管理	
		貸款	投資買賣 及控股	經紀業務	證券孖展 融資	資產管理	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
REVENUE	收益						
Turnover	營業額	<u>9,799</u>	<u>90,697</u>	<u>18,990</u>	<u>10,671</u>	<u>1,746</u>	<u>131,903</u>
RESULTS	業績						
Segment profit/ (loss)	分部溢利/ (虧損)	<u>7,188</u>	<u>(6,829)</u>	<u>(1,509)</u>	<u>946</u>	<u>(109)</u>	<u>(313)</u>
Net unallocated expenses	未分類開支 淨額						<u>(1,955)</u>
Loss before taxation	除稅前虧損						<u>(2,268)</u>
Taxation	稅項						<u>-</u>
Loss for the period	本期虧損						<u>(2,268)</u>

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(continued)

Business segments (continued)

For the six months ended 30 June 2003

3. 業務及地區分部 (續)

業務分部 (續)

截至二零零三年六月三十日止六個月

		Continuing 持續		Discontinuing 終止中			Total 總計
		Money lending	Investment trading and holding	Broking	Securities margin financing	Corporate finance and asset management	
		貸款	投資買賣 及控股	經紀業務	證券孖展 融資	企業融資 及 資產管理	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
REVENUE	收益						
Turnover	營業額	7,805	95	10,896	3,669	762	23,227
RESULTS	業績						
Segment profit/ (loss)	分部溢利/ (虧損)	7,861	95	(7,107)	2,619	302	3,770
Net unallocated expenses	未分類開支 淨額						(3,301)
Profit before taxation	除稅前溢利						469
Taxation	稅項						2
Profit for the period	本期溢利						471

As over 90% of the Group's turnover and (loss)/profit before taxation are derived from Hong Kong, no analysis of geographical segments has been disclosed in the condensed consolidated accounts.

由於本集團超過90%之營業額及除稅前(虧損)/溢利乃源自香港,因此並無於簡明綜合賬目披露地區分析。

4. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group has no estimated assessable profits for both periods.

The taxation credit in 2003 represents the overprovision of Hong Kong profits tax in previous years.

There is no material deferred tax effect in both periods.

4. 稅項

由於兩段期間並無估計應課稅溢利,故此本集團賬目並無就香港利得稅作出撥備。

二零零三年度稅項抵免乃往年香港利得稅超額撥備。

該兩段期間並無重大遞延稅務影響。

5. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2004 (2003: HK\$Nil).

5. 股息

董事會並不建議派付截至二零零四年六月三十日止六個月之中期股息(二零零三年:零港元)。

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

6. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss for the period of HK\$2,268,000 (2003: profit of HK\$471,000) and on the weighted average number of 3,000,000,000 (2003: 3,000,000,000 as restated) ordinary shares in issue during the six months ended 30 June 2004.

The weighted average number of ordinary shares in issue during the six months ended 30 June 2003 has been adjusted to reflect the effect of the capital restructuring undertaken in December 2003.

(b) Diluted (loss)/earnings per share

Diluted loss per share for the six months ended 30 June 2004 is not presented as the potential ordinary shares are anti-dilutive.

No diluted earnings per share has been calculated for the six months ended 30 June 2003 as there was no potential dilutive ordinary shares in issue.

7. TRADE RECEIVABLES

6. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利乃按本集團期內虧損2,268,000港元(二零零三年:溢利471,000港元)及截至二零零四年六月三十日止六個月已發行普通股之加權平均數3,000,000,000股(二零零三年:3,000,000,000股,經重列)計算。

截至二零零三年六月三十日止六個月之已發行普通股之加權平均數已經重列,以反映二零零三年十二月進行之股本重組之影響。

(b) 每股攤薄(虧損)/盈利

由於潛在普通股屬反攤薄,故此並無呈列截至二零零四年六月三十日止六個月之每股攤薄虧損。

由於並無已發行具攤薄影響之潛在普通股,故此並無計算截至二零零三年六月三十日止六個月之每股攤薄盈利。

7. 應收賬款

		At 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元	At 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元
Margin client receivables, net	應收孖展客戶款項淨額	196,374	169,989
Other client receivables, net	應收其他客戶款項淨額	9,403	15,406
Broker receivables	應收經紀款項	612	4,407
Amounts due from clearing houses	應收結算所款項	31,870	9,761
Loan receivables	應收貸款	187,124	151,935
Loan interest receivables	應收貸款利息	9,896	6,050
		435,279	357,548

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

7. TRADE RECEIVABLES (continued)

Margin client receivables are repayable on demand, bear interest at prevailing market rates and are secured by clients' securities listed on The Stock Exchange of Hong Kong Limited (the "SEHK") with a market value of approximately HK\$446 million as at 30 June 2004 (31 December 2003: HK\$542 million). No aged analysis is disclosed for margin client receivables as in the opinion of the directors of the Company (the "Directors"), the aged analysis does not give additional value in view of the nature of business of securities margin financing.

The settlement terms of other client receivables, broker receivables and amounts due from clearing houses are 1 to 2 days after the trade date. Included in these receivables are receivables of HK\$5,995,000 (31 December 2003: HK\$117,000), the age of which is less than 1 year but more than 30 days, while the age of the remaining balances is within 30 days.

Included in the above client receivables as at 30 June 2004 are the accounts of associates of certain Directors of approximately HK\$17,307,000 (31 December 2003: HK\$12,898,000). The amounts due from the associates are of similar trading terms as the other clients.

The remaining maturity of loan receivables as at 30 June 2004 is as follows:

Three months or less	三個月或以內
One year or less but over three months	一年以內但三個月以上

7. 應收賬款 (續)

應收孖展客戶款項須隨時按要求償還，按當時市場利率計息，並以客戶於香港聯合交易所有限公司（「聯交所」）上市之證券抵押，該等證券於二零零四年六月三十日之市值約446,000,000港元（二零零三年十二月三十一日：542,000,000港元）。由於本公司董事（「董事」）認為就證券孖展融資業務性質而言，賬齡分析意義不大，因此並無披露應收孖展客戶款項之賬齡分析資料。

應收其他客戶款項、應收經紀款項及應收結算所款項須於交易日後一至兩日內償還。上述應收款項包括賬齡為一年以內、但三十日以上之應收款項5,995,000港元（二零零三年十二月三十一日：117,000港元），而其餘應收款項之賬齡為三十日以內。

上述於二零零四年六月三十日之應收客戶款項包括應收若干董事之聯繫人士之賬戶約17,307,000港元（二零零三年十二月三十一日：12,898,000港元）。應收聯繫人士款項之交易條款與其他客戶相若。

於二零零四年六月三十日應收貸款之尚餘到期日如下：

	At 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元	At 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元
Three months or less	122,954	38,816
One year or less but over three months	64,170	113,119
	187,124	151,935

8. BANK BALANCES AND CASH

Bank balances	銀行結餘
- general accounts	- 一般賬戶
- segregated accounts	- 獨立賬戶
Cash in hand	手頭現金

8. 銀行結餘及現金

	At 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元	At 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元
Bank balances	22,965	28,305
- general accounts	54,930	61,298
- segregated accounts	24	24
Cash in hand	77,919	89,627

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

9. TRADE PAYABLES

		At 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元	At 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元
Margin client payables	應付孖展客戶款項	15,643	28,363
Other client payables	應付其他客戶款項	79,005	64,751
Broker payables	應付經紀款項	295	196
		94,943	93,310

Margin client payables and other client payables are repayable on demand and bear interest at prevailing market rates. No aged analysis is disclosed for margin client payables and other client payables as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing and broking.

The settlement terms of broker payables are 1 or 2 days after the trade date. The age of these balances is within 30 days.

應付孖展客戶款項及應付其他客戶款項隨時按求償還，按當時市場利率計息。由於董事認為就證券孖展融資及經紀業務性質而言，賬齡分析意義不大，因此並無披露應付孖展客戶款項及應付其他客戶款項之賬齡分析資料。

應付經紀款項須於交易日後一至兩日內償還，而該等款項賬齡均少於30日。

10. CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 30 June 2004 (31 December 2003: HK\$Nil).

11. COMMITMENTS

As at 30 June 2004, the Group's future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

		At 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元	At 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元
Land and buildings	土地及樓宇		
Within one year	一年內	3,954	3,946
In the second to fifth year inclusive	第二至第五年 (包括首尾兩年)	10,681	12,468
		14,635	16,414

10. 或然負債

於二零零四年六月三十日，本集團並無重大或然負債 (二零零三年十二月三十一日：零港元)。

11. 承擔

於二零零四年六月三十日，本集團根據不可撤銷經營租約應付之未來最低租金總額如下：

Notes to the Condensed Unaudited Consolidated Accounts (continued)

For the six months ended 30 June 2004

簡明未經審核綜合賬目附註 (續)

截至二零零四年六月三十日止六個月

11. COMMITMENTS (continued)

The Group leases office premises under operating leases. The leases run for an initial period of one to six years. The leases do not include any contingent rentals.

12. RELATED PARTY TRANSACTIONS

(a) Details of the Group's significant transactions with the following related parties during the period are as follows:

		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Associates of Directors	董事之聯繫人士		
Commission, fee and interest income arising from futures and securities trading	買賣期貨及證券所得佣金、費用及利息收入	1,879	545
License fee paid for use of premises	已付物業使用許可費	-	743
Loan interest paid	已付貸款利息	36	506
Loan arrangement fee paid	已付貸款安排費用	250	250

In the opinion of the Directors, including the independent non-executive Directors, the above transactions were entered into in the Group's ordinary course of business and on normal commercial terms.

- (b) The loan from a related company is unsecured, interest bearing at prime rate plus 3% per annum and is repayable within one year. Two Directors are also directors and beneficial shareholders of this related company.
- (c) During this period, the Group entered into an agreement with a related company to dispose of the entire issued share capital of RFG at an aggregate cash consideration of HK\$229,000,000 (note 1). Two Directors are also directors of this related company, and one of these two Directors is also a beneficial shareholder of this related company.

11. 承擔 (續)

本集團根據經營租約租用辦公室，而該等租約為期一至六年不等，並不包括任何或然租金。

12. 關連人士交易

(a) 本集團於本期間曾與以下關連人士進行重大交易之細節概述如下：

董事（包括獨立非執行董事）認為，上述交易乃於本集團日常業務過程中按正常商業條款進行。

- (b) 來自一間關連公司之貸款為無抵押，年利率按最優惠利率加3厘計算，並須於一年內償還。兩名董事亦為此關連公司之董事及實益股東。
- (c) 期內，本集團與一間關連公司簽訂一份協議，出售RFG全部已發行股本，現金總代價為229,000,000港元（附註1）。兩名董事亦為此關連公司之董事，而其中一名亦為此關連公司之實益股東。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL RESULTS

During the period under review, the Group recorded a turnover of HK\$131,903,000 (2003: HK\$23,227,000) and a loss of HK\$2,268,000 (2003: profit of HK\$471,000). The substantial increase in turnover was contributed by the investment trading and holding segment. Turnover of this segment was approximately HK\$90,697,000 during the six months ended 30 June 2004 (2003: HK\$95,000).

Commission expenses increased by 101% to HK\$6,238,000 for the review period in comparison with last interim period (2003: HK\$3,098,000) which was mainly due to the increase in brokerage income in this period.

BUSINESS REVIEW AND PROSPECTS

Last year, the Group was principally engaged in the provision of financial services including money lending, investment trading and holding, broking, securities margin financing, corporate finance and asset management. In January 2004, the Company entered into a sale and purchase agreement pursuant to which the Company disposed of its entire interest in RFG. RFG is an investment holding company and its subsidiaries are principally engaged in the provision of financial services including broking, securities margin financing, corporate finance and asset management.

Upon completion of the disposal, the Group will continue to engage in money lending in Hong Kong, and investment trading and holding mainly Hong Kong securities and derivatives. In other words, the Group will cease to provide broking, securities margin financing, corporate finance and asset management services. We believe the disposal represents a good opportunity that enables the Group (i) to realize its investment in financial services including broking, securities margin financing, corporate finance and asset management at a reasonable price; and (ii) to focus its resources on its other core businesses which could generate a stable income stream for the Group.

Money Lending

Interest income from money lending business earned in this period accounted for 7% (2003: 34%) of the Group's turnover. Since 2002, the Group has been recording positive results in the money lending business. In order to protect the interests of our shareholders, the Group will continue to adopt a prudent and conservative financing policy and maintain strict control on lending in an effort to control risk exposure.

財務業績

於回顧期間，本集團錄得營業額131,903,000港元（二零零三年：23,227,000港元），而虧損則為2,268,000港元（二零零三年：溢利471,000港元）。營業額大幅上升可歸因於投資買賣及控股分部的營業額上升之故。於截至二零零四年六月三十日止期間，此分部錄得的營業額約為90,697,000港元（二零零三年：95,000港元）。

於回顧期間，本集團之佣金開支較去年中期增加101%至6,238,000港元（二零零三年：3,098,000港元），其主要原因為期內經紀業務收入增加。

業務回顧與展望

去年，本集團之主要業務為提供金融服務，包括貸款業務、投資買賣及控股業務、經紀業務、證券孖展融資、企業融資及資產管理。二零零四年一月，本公司訂立一項買賣協議，據此，本公司出售其於RFG之全部權益。RFG為一間投資控股公司，其附屬公司之主要業務為提供金融服務，包括經紀業務、證券孖展融資、企業融資以及資產管理。

於此出售完成後，本集團將繼續在香港從事貸款業務，以及投資買賣及持有主要涉及香港之證券及衍生工具。換言之，本集團將停止提供經紀、證券孖展融資、企業融資及資產管理服務。本公司相信此出售為一個良機，使本集團(i)以合理價格變現其於金融服務之投資，其中包括經紀業務、證券孖展融資、企業融資及資產管理；以及(ii)集中投放其資源於其他可為本集團賺取穩定收入之核心業務。

貸款業務

貸款業務之利息收入於本期佔本集團營業額7%（二零零三年：34%）。自二零零二年起，本集團的貸款業務取得豐碩成果。為了維護股東利益，本集團將繼續採取審慎保守的融資政策，以及嚴控貸款審批，致力控制風險水平。

Management Discussion and Analysis *(continued)*

管理層討論及分析 *(續)*

Investment Trading and Holding

The Group expanded its investment trading and holding business in late 2003. During the six months ended 30 June 2004, turnover of this segment reached HK\$90,697,000, which accounted for 69% of the Group's interim turnover. We will continue to invest in this developing business as one of our core segments.

Broking

During the period under review, there was significant improvement in the Hong Kong stock market from January to March of 2004. The average daily turnover on the Main Board of the SEHK for the first quarter was approximately HK\$19.51 billion, representing an increase of 226% compared to approximately HK\$5.98 billion for the first quarter of 2003. In addition, the Hang Seng Index (HSI) rose to a high of 14,058 in early March 2004.

Though the Hong Kong stock market performed positively in the first quarter of the year, a volatile investment environment in the second quarter affected the investment confidence. In the second quarter, renewed fears over terrorist attacks, heightened tension in the Middle East and rising concern over interest-rate hikes and high oil prices all led to the downtrend in major overseas stock markets. This, in turn, affected local market sentiment. The HSI sank to a low of 10,917 in mid May. The average daily turnover on the Main Board of the SEHK during the period from April to June 2004 fell 29% from the previous quarter to approximately HK\$13.77 billion.

In China, worries over macro-economic control and credit-tightening measures impeded investor interests on mainland counters traded in Hong Kong. The average daily turnover of H-shares and red chips in the second quarter of 2004 dropped to approximately HK\$3.5 billion and HK\$2.2 billion, respectively, representing a decrease of 32% and 34% over the first quarter.

Despite the unfavourable volatility in the Hong Kong stock market, the Group's broking business recorded a turnover of HK\$18,990,000, representing a solid growth of 74% over the same period last year. The substantial increase in our Group's revenue from the broking business despite the abandonment of the minimum brokerage rate in Hong Kong with effect from 1 April 2003 is a clear demonstration that our upgraded quality of service was recognized and highly valued by our customers.

投資買賣及控股業務

本集團於二零零三年年底擴展其投資買賣及控股業務。截至二零零四年六月三十日止六個月，此項業務之營業額為90,697,000港元，佔本集團中期營業額69%。本集團將繼續在這項發展中的業務進行投資，使其成為本集團其中一項核心業務。

經紀業務

於回顧期內，本港股市的表現在二零零四年一月至三月期間有明顯改善。聯交所主板第一季的平均每日成交額約一百九十五億一千萬港元，較去年同期約五十九億八千萬港元大幅上升226%。此外，恒生指數更於二零零四年三月初攀升至最高位14,058點。

雖然本港的股市在今年第一季表現良好，但由於投資環境在第二季出現急劇波動，影響投資者的信心。踏入第二季，恐怖襲擊陰影重現、中東局勢緊張加劇、對利率上升的憂慮及油價高企等問題，令主要海外股市升勢受挫，本港投資氣氛亦因而受到牽連。恒生指數在今年五月中低見10,917點，聯交所主板於二零零四年四月至六月的平均每日成交額只有約一百三十七億七千萬港元，較今年第一季下跌29%。

中國在今年年初實施的宏觀調控及信貸緊縮政策，令投資者對在香港買賣內地股份之投資意欲受阻。H股及紅籌股於本年度第二季的平均每日成交額分別下降至約三十五億港元及二十二億港元，較第一季分別下跌32%及34%。

儘管本港股市面對許多的不明朗因素，本集團經紀業務之營業額仍然錄得18,990,000港元，較去年同期增長74%。雖然在二零零三年四月一日起，本港正式取消了最低經紀佣金制度，然而，本集團的經紀業務收益仍錄得大幅增長，證明本集團在業界的優質服務獲得了客戶的肯定。

Asset Management

Leveraging off our solid performance in 2003, our asset management business continued to grow. The Group launched a second private fund in December 2003. That fund basically invests in listed securities in Asia with primary focus on the Hong Kong market and it aims to provide medium and long-term capital growth for its investors.

Looking Ahead

The Group is optimistic that the introduction of Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and the Facilitated Individual Travel programme will create long-term benefits to the Hong Kong capital markets and provide a wealth of opportunities for financial companies like us. Moreover, the Group is confident that the Hong Kong stock market will continue to grow fuelled by the news on the decrease in unemployment rate, the ending of deflation, etc.

Hong Kong commands the indisputable status of an international financial centre in the Greater China region. At a crossroads due to the challenging environment, the Hong Kong financial sector is poised to gain from the robust economy of China and its privatization programme. With the Group's mission to create a more promising future, our core advantages will support our pursuit of exciting growth in the mainland market. The Group will also play a greater role in providing services for other Asian partners who would like to tap the China market.

We will also continue to seek talent with diverse, professional backgrounds so that we can add value for our shareholders.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

At 30 June 2004, the Group had net current assets of HK\$222,908,000 (31 December 2003: HK\$223,795,000).

At 30 June 2004, the Group had cash reserves of approximately HK\$78 million (31 December 2003: HK\$90 million), which included approximately HK\$55 million (31 December 2003: HK\$61 million) of clients' funds that were kept in designated segregated bank accounts. Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

資產管理

借助於二零零三年度取得之驕人成績，本集團之資產管理業務持續增長。本集團於二零零三年十二月推出第二個私人基金，此基金旨在投資於亞洲區上市證券，並主要集中於香港市場，力求為投資者達致中、長線之資本增長。

展望未來

隨著內地和香港的《更緊密經貿關係安排》得到落實，以及實施擴大內地個人遊，本集團對香港資本市場的長遠發展感到樂觀，本港的金融服務企業（包括本公司）必會因而受惠。再者，下半年不少利好的消息如失業率持續下降及通縮結束等帶動下，本集團深信本港股市將持續向好。

香港擁有大中華區內無可替代的國際金融中心地位，面對這個充滿挑戰的交叉點，香港的金融業會因中國強勁的經濟發展及其市場計劃而得益。貫徹本集團銳意締造更美好未來的宗旨，我們將憑藉固有的優勢，把握國內市場高速發展所帶來的機遇，致力擔當服務供應商的角色，協助其他亞洲區內夥伴進軍中國市場。

本集團將繼續招攬擁有不同知識及專業資歷的人才，為股東增值。

財務回顧

流動資金、財務資源及融資

於二零零四年六月三十日，本集團之流動資產淨值為222,908,000港元（二零零三年十二月三十一日：223,795,000港元）。

於二零零四年六月三十日，本集團有現金儲備約78,000,000港元（二零零三年十二月三十一日：90,000,000港元），包括存放於指定銀行獨立賬戶之客戶資金約55,000,000港元（二零零三年十二月三十一日：61,000,000港元）。大部份現金儲備均存放於香港主要銀行作為港元短期存款。

Management Discussion and Analysis *(continued)*

管理層討論及分析 *(續)*

The gearing ratio as at 30 June 2004 was 87% (31 December 2003: 54%). The gearing ratio was derived by dividing the aggregate of bank borrowings and other borrowings by the amount of shareholders' equity. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 174% (31 December 2003: 198%), reflecting adequacy of financial resources.

The Group had outstanding bank loan and overdrafts of approximately HK\$202,433,000 as at 30 June 2004 (31 December 2003: HK\$128,056,000). The bank loan and overdrafts were denominated in Hong Kong dollars, interest bearing at prevailing commercial lending rates and repayable on demand or within one year. Listed investments belonging to clients were pledged to secure these bank loan and overdrafts. As at 30 June 2004, the Group had an outstanding unsecured loan granted by a related company of HK\$181,000 (31 December 2003: HK\$Nil). The loan was denominated in Hong Kong dollars, interest bearing at prime rate plus 3% per annum and repayable within one year. These loans and overdrafts were used to finance the Group's operations. We expect that all these borrowings will be repaid by internal generated funds.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

Pledge of Assets

At 30 June 2004, listed investments belonging to clients with total market value of approximately HK\$352 million (31 December 2003: HK\$405 million) were pledged to banks to secure term loan and overdraft facilities granted to the Group.

Share Capital Structure

There was no change in the Company's share capital structure for the six months ended 30 June 2004.

Exchange Rate Risk

The Group is exposed to a very limited level of exchange risk as the business transactions of the Group are mainly denominated in Hong Kong dollars.

於二零零四年六月三十日之負債比率為87% (二零零三年十二月三十一日: 54%)。負債比率為將銀行貸款及其他貸款總額除以股東資金總額。本集團以流動資產除以流動負債計算之流動資金比率為174% (二零零三年十二月三十一日: 198%)，反映財務資源充裕。

本集團於二零零四年六月三十日有未償還之銀行貸款及透支約202,433,000港元 (二零零三年十二月三十一日: 128,056,000港元)。銀行貸款及透支以港元為單位及以現行商業貸款利率計息，並須於要求時或於一年內償還。屬於客戶之上市投資已用作擔保該等銀行貸款及透支。於二零零四年六月三十日，一間關連公司向本集團提供之未償還無抵押貸款為181,000港元 (二零零三年十二月三十一日: 零港元)。該等貸款乃以港元為單位，年利率按最優惠利率加3厘計算，並須於一年內償還。該等貸款及透支乃用於撥付本集團之營運所需。本集團相信上述所有貸款將以內部資金償還。

連同本集團可動用財務資源 (包括內部資金及可用銀行信貸)，本集團有足夠營運資金應付現時需要。

資產抵押

於二零零四年六月三十日，本集團將總市值約352,000,000港元 (二零零三年十二月三十一日: 405,000,000港元) 屬於客戶之上市投資抵押予銀行，作為本集團獲授有期貨款及透支額之擔保。

股本架構

截至二零零四年六月三十日止六個月內，本公司之股本架構並無任何變動。

匯率風險

由於本集團之業務交易主要以港元為單位，故本集團面對之匯兌風險相當有限。

Management Discussion and Analysis *(continued)*

管理層討論及分析 *(續)*

Material Acquisitions and Disposals of Subsidiaries

On 12 January 2004, the Group entered into a conditional sale and purchase agreement with REXCAPITAL Group Limited regarding the disposal of the entire issued share capital of RFG at a consideration of HK\$229,000,000, subject to adjustment with reference to the unaudited consolidated net asset value of RFG Group as at the determination date in accordance with the terms of the sale and purchase agreement, and will be payable in cash upon completion. This transaction has not been completed up to the date of the accounts.

Apart from this, the Group had no material acquisition and disposal of subsidiaries during the six months ended 30 June 2004.

Human Resources

At 30 June 2004, the Group had 47 employees.

The Group remunerated its employees mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as the individual's performance.

The Group will continue to emphasize on staff training and total quality management to better prepare its staff members for the upcoming changes and challenges in the market and industry.

重大收購及出售附屬公司

於二零零四年一月十二日，本集團與 REXCAPITAL Group Limited 簽訂有條件買賣協議，出售 RFG 全部已發行股本，代價為 229,000,000 港元，惟須根據買賣協議之條款根據 RFG 集團於釐定日期之未經審核綜合資產之淨值而調整，並於完成後以現金支付。至本賬目日期止，此項交易尚未完成。

除此以外，本集團於截至二零零四年六月三十日止六個月內並無涉及附屬公司之重大收購及出售事項。

人力資源

於二零零四年六月三十日，本集團共有 47 名僱員。

本集團主要按個別員工之表現及經驗釐定僱員薪酬。除基本酬金外，本集團亦會按本集團業績及個別員工表現向合資格僱員發放不定額花紅及購股權。

本集團將繼續重視員工培訓及全面品質管理，使員工能作好充份準備，面對市場及行業未來的轉變及挑戰。

Directors' and Chief Executives' Interests 董事及主要行政人員之權益

As at 30 June 2004, the interests or short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

於二零零四年六月三十日，董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債權證中擁有根據證券及期貨條例第352條須記錄在本公司存置之名冊上之權益及淡倉或根據上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

Long Position in the ordinary shares of HK\$0.01 each ("Shares") in the Company

於本公司每股面值0.01港元普通股（「股份」）之好倉

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
To Shu Fai ("Mr To") 杜樹輝（「杜先生」）	1,998,805,635 (Note 1) (附註1)	Interest of a controlled corporation 受控制公司權益	66.63%
Chan How Chung, Victor ("Mr Chan") 陳孝聰（「陳先生」）	2,038,430,550 (Note 2) (附註2)	Interest of controlled corporations 受控制公司權益	67.95%

Notes:

- These Shares were held by Kingly Profits Corporation ("Kingly Profits"). Kingly Profits was held as to 80% by King United Agents Limited, a company wholly owned by Mr To. Mr To resigned as an executive Director and the chairman of the Company on 21 September 2004.
- Mr Chan was taken to be interested in (i) 150,000,000 Shares which were beneficially held by Smart Ease Corporation, a company wholly owned by Mr Chan; and (ii) 1,888,430,550 Shares by virtue of his 39% attributable shareholding interest in TKR Finance Limited ("TKR Finance"), which had a security interest over such Shares. TKR Finance was wholly owned by TingKong-RexCapital Holdings Limited, which in turn was owned as to 52.1% by Rexcapital Partners Incorporated. Rexcapital Partners Incorporated was owned as to 75% by Mr Chan.

附註：

- 該等股份由Kingly Profits Corporation（「Kingly Profits」）持有。而King United Agents Limited（由杜先生全資擁有之公司）則持有Kingly Profits之80%權益。杜先生於二零零四年九月二十一日辭任本公司執行董事及主席。
- 陳先生(i)透過其全資擁有之Smart Ease Corporation實益持有150,000,000股股份之權益；及(ii)鑑於其擁有鼎康御泰財務有限公司（「鼎康御泰財務」）39%應佔股權，而該公司擁有1,888,430,550股股份之保證權益，故其被視為擁有該有關股份之權益。鼎康御泰財務由TingKong-RexCapital Holdings Limited全資擁有，而TingKong-RexCapital Holdings Limited則由Rexcapital Partners Incorporated持有其52.1%權益。陳先生持有Rexcapital Partners Incorporated 75%權益。

Save as disclosed above, as at 30 June 2004, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

除上文披露者外，於二零零四年六月三十日，並無董事或主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中擁有根據證券及期貨條例第352條須記錄在名冊上之權益或淡倉或根據標準守則須知會本公司及聯交所之權益或淡倉。

Share Options 購股權

The movements in share options granted under the share option scheme adopted by the Company on 22 November 2002 (the "Scheme") during the six months ended 30 June 2004 are shown below:

截至二零零四年六月三十日止六個月，根據本公司於二零零二年十一月二十二日採納之購股權計劃（「該計劃」）授出之購股權變動載列如下：

Category of participant	Number of options 購股權數目				At 30 June 2004	Date of grant of options	Exercise price per Share (HK\$)	Exercisable period
	At 1 January 2004	Granted during the period	Exercised during the period	Lapsed during the period				
參與者類別	於二零零四年 一月一日	期內授出	期內行使	期內失效	於二零零四年 六月三十日	授出 購股權日期	每股行使價 (港元)	可行使期間
Total employees 僱員合共	-	60,000,000	-	(30,000,000)	30,000,000	3/1/2004	0.138	3/1/2004 – 2/1/2014
Other eligible participants 其他合資格參與者	-	90,000,000	-	-	90,000,000	3/1/2004	0.138	3/1/2004 – 2/1/2014
Total總計	-	150,000,000	-	(30,000,000)	120,000,000			

At 30 June 2004, no Director had any interests in options to subscribe for Shares. During the six months ended 30 June 2004, 150,000,000 number of share options were granted under the Scheme. The Directors do not consider it as appropriate to disclose a theoretical value of the share options granted during the period because in the absence of a readily available market value of the share options on the Shares, any calculation of the value of options ascertained on various theoretical bases and subjective assumptions will not be meaningful and may be misleading to shareholders in some circumstances.

於二零零四年六月三十日，概無董事於可認購股份之購股權中擁有任何權益。截至二零零四年六月三十日止六個月，已根據該計劃授出150,000,000股購股權。由於涉及股份之購股權並無可供參考之市值，且根據多項理論性基礎及主觀假設所計算之購股權價值將無意義，並可能於若干情況下誤導股東，故董事認為披露期內授出之購股權之理論價值並不恰當。

Shareholdings of Other Shareholders with Notifiable Interests 須予披露權益之其他股東股權

As at 30 June 2004, the interests or short positions of the following parties (other than a Director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

於二零零四年六月三十日，按本公司根據證券及期貨條例第336條須存置之登記冊所載，下列各方（董事或本公司主要行政人員除外）於本公司股份或相關股份中擁有之權益及淡倉如下：

Long Position in the Shares

於股份之好倉

Name of shareholder 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
TKR Finance (provisional liquidator appointed) 鼎康御泰財務（已委任臨時清盤人）	716,884,600 (Note) (附註)	Security interest 保證權益	23.90%

Note: The Company received a copy of the disclosure of interests form filed pursuant to the SFO by the provisional liquidator of TKR Finance claiming its security interests in 716,884,600 Shares. The Company was informed that the number of Shares it was interested in was subject to verification.

附註：本公司接獲一份由鼎康御泰財務臨時清盤人根據證券及期貨條例存檔之權益披露副本，稱其於716,884,600股股份中擁有保證權益。本公司已獲告知其所擁有權益之股份數目有待確認。

Save as disclosed above, the register required to be kept under Section 336 of the SFO shows that as at 30 June 2004, the Company had not been notified of any other person who had an interest or short position in the shares or underlying shares of the Company.

除上文所披露者外，根據證券及期貨條例第336條須存置之登記冊所顯示，於二零零四年六月三十日，本公司並無獲知會任何其他人士於本公司股份或相關股份中擁有權益或淡倉。

Purchase, Sale or Redemption of the Company's Listed Securities 買賣或贖回本公司上市證券

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2004.

本公司及其附屬公司於截至二零零四年六月三十日止六個月內概無買賣或贖回本公司任何上市證券。

Audit Committee 審核委員會

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim accounts for the six months ended 30 June 2004.

審核委員會已會同管理層審閱本集團採納之會計原則及慣例，並討論內部控制及財務申報事宜，包括審閱截至二零零四年六月三十日止六個月之未經審核中期賬目。

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Code of Best Practice 最佳應用守則

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the six months period, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, except that the non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the Company's bye-laws.

並無董事知悉任何資料合理顯示本公司於截至二零零四年六月三十日止六個月內並無遵守上市規則附錄14所載之最佳應用守則，惟非執行董事並無特定任期，而須根據本公司細則之規定在本公司股東週年大會上輪值告退。

By order of the Board

承董事會命

Chan How Chung, Victor
Director

董事
陳孝聰

Hong Kong, 28 September 2004

香港，二零零四年九月二十八日