

I am pleased to announce the audited consolidated Financial Results of the Company and its subsidiaries ("the Group") for the year end 31 December 2004.

FINANCIAL PERFORMANCE AND OPERATIONS REVIEW

VXL Capital Partners Corporation Ltd ("VXLCPL") has successfully completed the purchase from Kim Eng Holdings Ltd and Kim Eng Investment Ltd, their entire shareholdings of approximately 70.01% of the company's issued and paid-up share capital on 29 March 2004. VXLCPL has since become the controlling shareholder and assumed management control of the Group. The Company has changed its name to VXL Capital Limited on 23 April 2004.

The Group's turnover for the year was HK\$3.7 million, representing a decrease of 48.6% when compared to last year. The drop in turnover was mainly attributable to fall in corporate advisory fee as a result of fierce competition in the Hong Kong market. The trading and investment activities in securities had reduced significantly as a result of focusing on developing and exploring new business opportunities.

In the operating expenses, the Group had incurred a large amount of legal & professional fees and consultancy fees on the development of business plans and the evaluation of potential investment projects. With these spending, the Group is able to obtain in-depth market information and set up the infrastructure for the future plans and strategic investments.

Due to the fall in turnover and the increases in operating expenses, the Group made a loss before tax of HK\$7.2 million (2003: profit before tax of HK\$7.5 million). The result included a write off of HK\$0.66 million on corporate advisory clients receivables.

VISION & OBJECTIVES

China has made tremendous economic progress since the reform in 1978. Over these past 25 years, its real gross domestic product has grown at an average of 9% a year with increased foreign direct investment and foreign trade has averaged 15% annually since 1978. And every week, more than US\$1 billion of foreign direct investment flows into the country. This has transformed the global integration of China's economy into now the sixth-largest in the world with a GDP of US\$1.4 trillion.

With the economic prosperity, we have also witnessed the growing demand for property in China especially in the commercial and residential properties in the major cities such as Beijing and Shanghai. This growth has a profound effect that lead to the recent rebound of the HK economy as well, in particular the property sector which we have seen an average growth of 20% in the residential and commercial sector.

FUTURE PLANS & PROSPECTS

In view of the circumstances, the Group has position itself into three tier area of strategic investments, namely property, financial services and resources banking.

Chairman's Statement

Property Sector

The property group will adopt an integrated approach to investments that would generate synergies to create value and to deliver acceptable and sustainable returns to our shareholders and co-investors via knowledge-based and strategic investments into the Greater China area, which includes Hong Kong. Our aim is to adopt a value-based approach to property management in enhancing the medium to long-term capital value of the property portfolio.

Based on the current capital structure of the Company the property group will divide its business into 3 strategic segments.

- Real Estate Investment
- Property Development
- Property Management

Financial Services Sector

The Board recognized that our subsidiary, KE Capital (Hong Kong) Limited ("KE") is in an enviable position to provide corporate finance and financial advisory services to companies within the Greater China region. KE can serve to match the increasing number of China businesses seeking to raise capital and the growing number of investors looking for investment opportunities in China.

Therefore, the Group has upgraded our services by hiring a new team of professionals with a solid track record from the corporate finance and banking sector to strengthen the Group's position in capitalizing the fast growing Chinese capital market.

Resources Banking Sector

The Group has noticed that we are now facing new challenges in the global economy with a possible inflationary outlook that has seen a tremendous surge in commodity prices, led by the oil and gold sectors. This is mainly due to the greater demand for natural resources in China to feed the economic growth. Hence, increasingly Chinese companies would require to source and compete of their raw materials overseas as well as increasing its domestic production for these raw materials. Our resource banking is to serve and meet these requirements by providing trading, investment and financing. To this end, a new team of professionals has been identified and will join our Group soon.

Looking ahead with the new team of financial and property professionals that the Group has recently hired, we are in a position to grow and maximize shareholder value through the above mentioned three core investments.

ACKNOWLEDGMENT

On behalf of the Board, I would like to extend our sincere appreciation to our shareholders, bankers, business associates and customers for their continued support, confidence and trust in our Group during the past years.

Finally, for the management and staff, I would like to thank them for their understanding in the changes that the Group has undergone. Their continued commitment in the Group is deeply appreciated.

Datuk Lim Chee Wah
Chairman