

On behalf of the board of directors (the "Board"), I present the annual results of REXCAPITAL Financial Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 December 2004.

OPERATING RESULTS

For the year under review, the Group recorded a turnover of HK\$169,137,000 (2003: HK\$324,693,000). Loss attributable to shareholders was HK\$77,674,000 (2003: profit of HK\$4,031,000). Overall turnover declined mainly due to decrease in the turnover of investment trading activities from HK\$266,294,000 (2003) to HK\$91,955,000 (2004). The prudent approach towards provision concerning securities margin-financing and money lending businesses resulted in a loss for the year. The Group continues to maintain a healthy financial position. For the year ended 31 December 2004, the cash and bank balances of the Group was HK\$73,928,000 (2003: HK\$89,627,000), which include approximately HK\$65,342,000 (2003: HK\$61,299,000) of client's funds that were kept in designated segregated bank accounts.

BUSINESS REVIEW AND PROSPECTS

Hong Kong ranked first in Asia and third in the world last year in terms of capital raised, with total Initial Public Offering ("IPO") and post-IPO equity funds reaching some HK\$265 billion, outperforming the London and Tokyo stock exchanges. Hong Kong is the preferred international financial centre, and is easily accessible to global investors. With the Renminbi ("RMB") expected to appreciate sooner or later, capital may flow into Hong Kong to acquire Mainland stocks listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This will benefit both IPO and secondary capital market fund-raising activities.

Not only has the economy been staging a broader-based recovery in Hong Kong, the Group is also optimistic about the global investment environment. The mainland's economy will maintain its strong momentum, and the macroeconomic adjustment measures adopted by the Central Government of China should be conducive to long-term growth. The outlook for the East Asian economies in the short term is promising, while European Union economies will also continue to expand. Latest indicators

本人謹代表董事會（「董事會」）公佈御泰金融控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）於截至二零零四年十二月三十一日止財政年度之全年業績。

經營業績

於回顧期間，本集團錄得營業額169,137,000港元（二零零三年：324,693,000港元），股東應佔虧損77,674,000港元（二零零三年：溢利4,031,000港元）。整體營業額下降，乃因投資買賣活動之營業額由266,294,000港元（二零零三年）下降至91,955,000港元（二零零四年）所致。本集團採取審慎的會計處理，對證券孖展融資及貸款業務進行呆帳撥備，以致這個財政年度錄得虧損。惟本集團之財政狀況仍然穩健，截至二零零四年十二月三十一日止，本集團之現金及銀行結餘為73,928,000港元（二零零三年：89,627,000港元），包括存放在指定獨立銀行賬戶內的客戶資金約65,342,000港元（二零零三年：61,299,000港元）。

業務回顧與展望

去年，香港於首次公開招股及上市後的集資總額約為2,650億港元，晉身為亞洲最大及世界第三大的集資中心，超越倫敦及東京交易所，成為環球投資者歡迎的國際金融中心。市場憧憬人民幣升值在即，資金便順勢流入香港，購買在香港聯合交易所有限公司（「聯交所」）上市的內地企業股票，此舉將有利本港首次公開招股及二手資本市場集資的活動，繼續蓬勃。

本集團除了預期本港經濟有較全面復甦外，對於環球的投資環境亦感到樂觀。內地經濟不斷增長，中國中央政府採取各項宏觀調控措施應有利長遠的經濟發展。歐盟經濟體系可望持續增長，東亞經濟體系的短期增長前景亦感樂觀；近期的數據顯示，美國的經濟增長步伐仍然相當穩健，美國的利率可望以溫和幅度上調。在此宏觀經濟環境下，本集團將積極為其他環球業務夥伴提供

Directors' Business Review (continued)

董事會業務回顧 (續)

show that the US economy is still expanding at a solid pace, and it is expected to be a modest increase in the US interest rates. Amid this macro environment, the Group will continue to play a strong role in providing services to global partners looking to tap the China market and identify new business opportunities. Meanwhile, the Group will explore various ways to enhance its equity base.

In 2004, Hong Kong became the first place outside the Mainland to conduct personal renminbi business. At the end of January this year, total RMB deposits in Hong Kong exceeded RMB13.1 billion. The Government and Mainland authorities are actively looking into expanding the scope of RMB business. Feasibility studies are being conducted into establishing a clearing and settlement platform for RMB transactions, exploring the provision of appropriate RMB banking services for trade and other current account transactions between Hong Kong and the Mainland, and establishing a RMB debt issuance mechanism in Hong Kong. We believe these proposals will provide long-term benefits to Hong Kong's capital markets and provide lucrative opportunities for companies like ours.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all our shareholders, investors and business partners for their continued support and confidence in the Group. I would also like to thank the management team and all staff members for their valued service and commitment in the past year.

Last, but not least, I would like to thank my fellow directors who have offered invaluable advice and leadership during such a challenging year.

For and on behalf of the Board

Chan How Chung, Victor
Executive Director

Hong Kong, 28 April 2005

服務，協助他們開拓中國市場及尋找新商機。與之同時，本集團將研究各種擴大股東基礎的途徑。

於二零零四年，香港成為首個中國境外提供人民幣個人銀行服務的地區。截至本年一月底，本港之人民幣存款已超過131億人民幣。特區政府現正與內地磋商擴大香港在人民幣業務的服務範圍。多項可行性研究包括：建立人民幣的交易結算平台、為中港兩地貿易及其他經常賬項目交易提供相關的人民幣銀行服務及於香港建立發行人民幣債券的機制。我們深信這些計劃將有利於香港資本市場長遠的發展，令香港金融服務企業（包括本集團）從中受惠。

致謝

本人謹藉此機會代表董事會，對各股東、投資者及業務夥伴在過去一年給予本集團不斷的支持和信任，深表謝意。同時，亦對於管理層及各員工在過去的一年內，對公司業務之熱誠投入及忠誠，特此致謝。

最後，在這充滿挑戰的一年，各董事在董事會內提供許多寶貴意見及顯示堅強的領導，本人亦在此一併感謝。

代表董事會

執行董事
陳孝聰

香港，二零零五年四月二十八日