

### CHAIRMAN'S STATEMENT

#### To Our Shareholders

On behalf of the board of directors (the "Board"), I am pleased to announce the annual results of REXCAPITAL International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2003.

#### Operating Results

For the year ended 31 March 2003, the Group recorded a turnover of HK\$91,636,000 (2002: HK\$5,543,000). Profit attributable to shareholders was HK\$5,966,000 (2002: loss of HK\$364,875,000).

The Board has resolved not to declare a final dividend for the year ended 31 March 2003.

#### Business Review and Prospects

This year is a very difficult and challenging year for the Group due to the continuing deflation in Hong Kong, global economic slowdown as well as a high degree of economic and political uncertainty. The telecommunications market was still consolidating and competition remained keen. As a result, this segment did not have much contribution on the improvement of the Group's result. The new management team has undergone a thorough review of the Group's existing activities in 2002 and the Board has approved a new roadmap for the Group. The Group has commenced to engage in strategic investments and capital market activities during this year and the result of this business is encouraging. Such activities include mergers and acquisitions, restructuring, structured finance and corporate finance for companies doing businesses in Hong Kong. It is becoming increasingly evident that there are profitable niches for small but professional firms with a reasonable cost base, independent and free of conflicts inherent in large financial services group. It would be rash to predict a rapid increase in revenue in the short term. We believe, however, that the foundation have been laid for a business which is capable of achieving sustainable profitability and hence, restoring shareholders' value which has unfortunately been substantially eroded over the past two years. We are confident that the Group will have a much better result in the coming years.

Meanwhile, as the outlook of the economy in Hong Kong remains uncertain, we will continue our philosophy of stringent cashflow management. This approach enables our Group to preserve our resources and be able to pursue good business opportunity as and when it presents itself.

#### Appreciation

On behalf of the Board, I would like to take this opportunity to express my appreciation to our shareholders, investors and business partners for their continued support and confidence in the Group. I would also like to extend my gratitude to both the management team and all staff members for their dedicated efforts and significant contribution during this period.

Finally, I would like to thank my fellow directors for their invaluable contributions to the deliberations and decisions of the Board.

**Chan How Chung, Victor**

*Chairman*

Hong Kong, 25 July 2003