

The Directors are pleased to present the unaudited Interim Report and condensed accounts of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2004.

CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 31 March to 31 December commencing in the year of 2003. The interim report showed the unaudited interim results for the Group for the six months ended 30 June 2004 with comparative figures for the six months ended 30 September 2003. Accordingly, the comparative figures are not directly and fully comparable.

NEW MANAGEMENT

Pursuant to the Sale and Purchase of Shares Agreement entered on 7 December 2003 and subsequently completed on 29 March 2004, VXL Capital Partners Corporation Limited became the major shareholder of the Company and assumed management control. The name of the Company was changed to VXL Capital Limited on 23 April 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

For the first six months ended 30 June 2004, the Group achieved a turnover of HK\$2,781,000 (six months ended 30 September 2003: HK\$5,412,000) and a loss of HK\$1,559,000 (six months ended 30 September 2003: HK\$2,832,000). The drop in the turnover was mainly due to the disposal of a subsidiary engaged in corporate finance and financial advisory. The Group made a gain of HK\$1,470,000 on the disposal of such subsidiary.

In the first six months of the year, the Group's business included primarily corporate finance and advisory services and investment and trading in securities.

With the disposal of one subsidiary and a reduced organisation, the staff costs and other operating costs decreased accordingly.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash reserves of HK\$190,000,000 as at 30 June 2004. The cash reserves were placed in HKD and USD cash and short term deposits with major banks in Hong Kong.

The Group had a very sound financial position and there were no borrowings as at the balance date. The management is ready to invest the cash reserve into new business opportunities in the financial services sector, including corporate finance and advisory.

FUTURE PLANS & PROSPECTS

Subsequent to the takeover of management control by VXL Capital Partners Corporation Limited, the Company has been actively exploring new business opportunities consistent with its strategy to build an investment holding company focusing in the financial services sector, including its existing business in corporate finance and advisory.

The management continues to commit to achieve this objective and is optimistic of its success, particularly as the financial services sector in China continues to liberalize and grow, thereby presenting greater and varied opportunities for the Company to enter. However, as the management needs to exercise care and due diligence to ensure all its investment prospects are sound, the Company cannot ensure the specific timing as to when likely investments transactions may occur.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$0.20 each of the Company

Name of Director	Capacity	Number of the Ordinary shares held	Percentage of issued share capital of the Company
Datuk Lim Chee Wah	Held by controlled corporation	53,465,400	74.257%

Note: 53,465,400 shares are registered in the name of HKSCC Nominees Limited and are beneficially owned by VXL Capital Partners Corporation Limited in which Datuk Lim Chee Wah holds 100% interest.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the directors and chief executives as disclosed above.

SHARE OPTION SCHEME

On 29 December 1997, a share option scheme (the "Scheme") was approved and adopted, under which the Directors may, at their discretion, offer to any employees (including any executive directors) of the Group options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme.

No share option was issued, exercised, cancelled, lapsed or outstanding, throughout the period from 1 January 2004 to 30 June 2004.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

INTERIM

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2004.

AUDIT COMMITTEE

The Board appointed the independent non-executive directors, Mr Paul Steven Serfaty, Mr Au Siu Kee, Alexander, Mr Alan Howard Smith as the Audit Committee members.

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 June 2004, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

By Order of the Board
Datuk Lim Chee Wah
Chairman