

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present to you the annual report of Online Credit International Limited (the "Company") together referred to of (the "Group") for the year ended March 31, 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

The Group recorded a turnover of HK\$67.6 million for the year ended March 31, 2001, representing an increase of 21% from HK\$56.0 million for the previous year. The increase in turnover was mainly attributable to the newly acquired credit and discount card business which recorded a turnover of approximately HK\$42.2 million during the year.

The loss attributable to shareholders amounted to HK\$99.8 million as compared with HK\$33.8 million for the previous year. During the year, a net impairment loss on investments in securities and properties of HK\$57.8 million and provision for bad and doubtful debt of HK\$26.9 million were recorded.

Business Review

During the year under review, the principal business of the Group include investment holding, property investment and development, financial and securities investment and credit card business.

Credit card operation

In April 2000, the Company has completed the acquisition of Online Credit Card Limited ("OCCL") and Online Discount Card Limited ("ODCL"). OCCL and ODCL have carried on businesses in Hong Kong as a standalone card issuer and service provider for MasterCard cards, Countdown discount cards, private label cards, and charge card facilities. MasterCard is one of the world's most recognized and accepted credit cards with over 5,000,000 sales points worldwide, in addition to cash advance facilities at over 450,000 automatic teller machines while Countdown discount cards enable the holders of countdown cards entitling discounts on purchases made in more than 100,000 participating merchants in North America, Europe and Asia. Unlike other discount coupon schemes, the holders of the Countdown Discount Card can enjoy the above benefits on ongoing basis, as long as they continue to be Countdown cardholders.

The contribution of credit card operations to the Group's turnover amounted to HK\$42.2 million, which accounted for 62% of the overall turnover of the Group. Notwithstanding fierce competition in the consumer market for the year, we position our development plan over certain niche segments to meet ever-rising customers' needs. In addition, we take positive steps to carry out a series of tight cost measures and shorten time for collection of accounts receivables in order to minimize the possibility of bad debt and to increase working capital.

主席報告

本人承董事會命提交聯網信貸國際有限公司（「本公司」）及其附屬公司（「本集團」）截至二零零一年三月三十一日止年度年報。

管理層討論與分析

財務摘要

截至二零零一年三月三十一日止年度，本集團錄得營業額67,600,000港元，較上年之56,000,000港元增加21%。營業額之增幅主要受惠於新收購之信用及折扣卡業務，此業務為本集團年內營業額作出約42,200,000港元之貢獻。

股東應佔虧損為99,800,000港元，而上年則為33,800,000港元。於本年度期間，證券及物業投資之減值虧損淨額為57,800,000港元，而呆壞賬撥備則錄得26,900,000港元之數額。

業務回顧

於回顧年內，本集團之主要業務為投資控股、物業投資及發展、金融與證券投資以及信用卡業務。

信用卡業務

於二零零零年四月，本公司已完成收購聯網信用卡有限公司（「聯網信用卡」）及聯網優惠卡有限公司（「聯網優惠卡」）。聯網信用卡及聯網優惠卡於香港進行業務，為MasterCard卡、Countdown折扣卡、private label card及貸款卡發卡機構及服務供應商。MasterCard卡為世界首屈一指及最受歡迎之信用卡之一，於全球共有逾5,000,000個銷售點，並且透過逾450,000部自動提款機提供現金透支服務，而Countdown折扣卡持有人可於超過100,000個北美、歐洲及亞洲商號購物取得折扣。與其他優惠券折扣計劃不同，Countdown折扣卡持有人只要一直持有Countdown折扣卡，即可持續享有優惠。

本集團信用卡業務之營業額達42,200,000港元，佔本集團總體營業額62%。儘管本年度消費市場競爭激烈，我們之發展計劃仍能找到獨特之定位，滿足客戶不斷提昇之要求。此外，我們採取積極措施，進行一系列收緊成本措施及縮短收回應收賬項之時間，達致減低出現呆壞賬之機會及增加營運資金之目的。

Securities trading and treasury investments

The aggregate turnover of securities trading and treasury investment of the Group amounted to HK\$19.9 million, representing a drop of 56% as compared to HK\$45.0 million in the preceding year. During the second half of the financial year under review, the Hang Seng Index decreased by approximately 25%, from 16,000 to 12,000 in July this year. As a result, the securities trading had decreased substantially to HK\$6.4 million as compared to HK\$27.0 million in the preceding financial year. On the same reason, the investments of the Group also encountered diminution in value of approximately HK\$12.6 million, which including the investment in Pacific Century Cyberworks Limited. Due to the recent volatility in the equity markets in the United States, the Directors have reviewed the Group's strategic investments and have taken a prudent approach in measuring their fair value by recognising an impairment loss of HK\$45.0 million.

Fashion retail

The fashion retail arm of the Group is carried out by eBiz.hk.com Limited ("eBiz"), the listed subsidiary of the Group. The business of eBiz has not yet benefited from the strong economic growth widely publicized locally; in contrary, the Hong Kong retail markets is still dominated by continuing high unemployment, falling pricing power and consumer deflationary pressure. For the financial year under review, eBiz reported a loss of approximately HK\$5.2 million.

Property Investment

Following the acquisition of the credit card business, the Group has concentrated increasingly on its financial and credit card activities. Henceforth, the Company has on November 24, 2000 entered into an agreement with eBiz, pursuant to which, the Company agreed to dispose of three properties to eBiz. The disposal had clarified the structure and helped to focus the activities of the Group with the property holding and development activities in Hong Kong being carried out by eBiz. Meanwhile, such disposal also strengthened the net asset base of eBiz.

Outlook

In view of the difficult operating environment in Hong Kong for the existing business of the Group, the Directors will closely monitor the operation of the business of the Group while at the same time cautiously expand into the business of corporate lending.

Employee Information

As at March 31, 2001, there were 70 employees employed by the Group. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

證券買賣及政府債券投資

本集團證券買賣及政府債券投資對本集團營業額之貢獻達到19,900,000港元，較之前一年45,000,000港元下跌56%。於回顧財政年度之下半年內，恒生指數由16,000點下挫至今年七月之12,000點，跌幅約25%。故此，證券買賣之營業額亦由先前財政年度之27,000,000港元顯著下跌至6,400,000港元。出於同樣原因，本集團之投資亦出現減值約12,600,000港元，其中包括於盈科數碼動力有限公司之投資。基於近期美國股票市場之波動，董事已審核本集團之策略性投資，並且採取保守方式量度其公平市值，確認一項45,000,000港元之減值虧損。

時裝零售

本集團之時裝零售業務乃由本集團上市附屬公司聯網商業香港有限公司（「聯網」）負責進行。本地經濟強勁增長雖被廣泛宣傳，惟聯網之業務並未有受惠；反之，香港零售市場普遍仍然受制於持續失業率高企、物價下跌及消費萎縮之嚴峻壓力。於回顧財政年度，聯網錄得虧損約5,200,000港元。

物業投資

在收購信用卡業務後，本集團集中擴展其財務及信用卡業務。因此，本集團於二零零零年十一月二十四日與聯網訂立一項協議；據此，本公司同意向聯網出售三項物業。是項出售令本集團之架構更見清晰，且有助本集團集中於本身業務，而香港之物業持有及發展業務則由聯網進行。同時，有關出售亦增強了聯網之淨資產基礎。

前瞻

有鑑於本集團現有業務正處於香港艱難之經營環境中，董事將密切監察本集團業務之經營情況，同時審慎擴展企業借貸業務。

僱員資料

於二零零一年三月三十一日，本集團僱用70名僱員。薪酬組合一般乃參照市場水平及個人資歷而訂出。薪金及工資一般根據每年表現評估及其他相關因素作出檢討。

CHAIRMAN'S STATEMENT – continued

The Company operates a share option scheme under which the Directors may, at their discretion, invite employees of the Company or its subsidiaries, including Directors, to take up options to subscribe for shares in the Company. The subscription price and the exercisable period are determined in accordance with prescribed formula and terms.

Liquidity and Financial Resources

As at March 31, 2001, the gearing of the Group was 16%, which was calculated based on the total borrowings of HK\$49.3 million and the ordinary share capital of HK\$317.0 million.

The Group generally finances its business with internally generated cash flows and borrowings. The Directors believe that the Group has maintained sufficient working capital for its operation. The Group's cash deposit and bank balances is mainly in either Hong Kong Dollars or United States Dollars. The exposure to exchange fluctuation is considered minimal.

RESIGNATION OF DIRECTOR

Mr. Robert Herman Trapp resigned from the position of non-executive director of the Company on May 4, 2001 for personal reasons. On behalf of the Board, I express sincere thanks for his valuable contribution over the past years.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from August 24, 2001 to August 29, 2001 (both days inclusive) during which period no transfer of shares will be registered. For administrative purposes, all transfers and relevant share certificates must be lodged with the Company's Share Registrars, Friendly Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on August 23, 2001.

APPRECIATION

I would like to offer my sincere gratitude to all our customers, shareholders, bankers as well as our business associates for their continued support and advice.

On behalf of the Board
CHAN HENG FAI
Chairman & Managing Director

Hong Kong, July 26, 2001

主席報告 – 續

根據本公司已採納之購股權計劃，董事可酌情邀請本公司或其附屬公司之僱員（包括董事）收納可認購本公司股份之認股權證，有關認購價及行使期按既定之公式及條例而定。

流動資金及財務資源

於二零零一年三月三十一日本集團資本負債比率為16%，此乃根據借貸總額49,300,000港元及普通股股本317,000,000港元計算。

本集團一般以內部產生流動現金及借貸為其業務融資。董事相信本集團已具備足夠營運資金應付其業務所需。本集團之現金存款及銀行結餘大多以港元或美元計算，僅承受有限外匯波動風險。

董事辭任

Robert Herman Trapp先生於二零零一年五月四日因私人理由辭任本公司非執行董事一職。本人謹代表董事會衷心感謝彼過去數年寶貴之貢獻。

暫停辦理股份過戶登記手續

本公司將於二零零一年八月二十四日至二零零一年八月二十九日（首尾兩天包括在內）期間暫停辦理股份過戶登記手續，於此期間，亦不會辦理股份過戶登記手續。為了方便處理行政工作，所有過戶文件，連同有關之股票必須於二零零一年八月二十三日下午四時正前送達本公司之香港股份過戶登記處準誠證券登記有限公司，地址為香港干諾道中111號永安中心5字樓。

感謝

本人謹由衷感謝所有客戶、股東、往來銀行及商業伙伴一直之支持和建議。

代表董事會
主席兼董事總經理
陳恒輝

香港，二零零一年七月二十六日