

## CHAIRMAN'S STATEMENT

During the year, Hong Kong's economy continued to experience difficulties, which led to a weak demand for loans. Rising personal and business bankruptcies, together with high unemployment, a huge deficit and persistent deflation, also put pressure on the Group's earnings. Hong Kong experienced an unprecedented economic downturn during the first half of the year due to the outbreak of SARS starting in the first quarter of 2003. The overall business and financial performance of the Group suffered significantly.

This year the Group recorded a turnover of approximately HK\$561,105,000 representing an increase of 293% from HK\$142,594,000 for the previous year. The loss attributable to shareholders for the year ended March 31, 2004 was HK\$108,838,000 when compared with a gain of HK\$190,447,000 in 2003.

### CREDIT CARD BUSINESS

The SARS outbreak and the hardships associated with it had a negative impact on nearly all sectors of the economy in the first half of the year and our credit card business experienced adverse effects. Credit demand in the consumer finance field continued to fall and consumer confidence was weak. During the year, interest rates kept falling to new lows, leading to a keen competition and decrease in our net interest income. Nevertheless, the Group's charge for bad and doubtful debts decreased sharply by 76.4% to HK\$8,631,000 from HK\$36,574,000 in the previous year. The Credit Card business recorded a turnover of approximately HK\$17,356,000, representing a decrease of 56.6% from 2003.

Nevertheless, we were able to benefit from the economic rebound, improvement in labour market and the implementation of positive credit data sharing in Hong Kong, in the second half of the financial year through continuous marketing efforts, we experienced a significant expansion in our customer base.

The Group is pursuing the possibility of expanding its credit card logistics/processing services into China by marketing tailor-made, turn-key, full service credit card issuance, processing and logistics services to PRC companies, especially financial institutions, such as banks and insurance companies.

### FINANCIAL AND SECURITIES INVESTMENT

The financial and securities investment division of the Group recorded a turnover of approximately HK\$490,611,000 for the year ended March 31, 2004, representing an increase of 928% from HK\$47,717,000 for the previous year. The financial and securities investment division recorded an operating loss of HK\$74,614,000 as compared to profit of HK\$201,697,000 in 2003. The loss was mainly attributable to the realised and unrealised loss on other investments in China Gas Holdings Limited ("China Gas").

## 主席報告

年內，香港經濟仍然陷於困境，貸款需求疲弱。個人破產個案上升，加上失業率高企及龐大赤字與持續通縮，本集團之盈利備受沉重壓力。二零零三年首季爆發非典型肺炎，香港經濟於本年度上半年度面對前所未見之困境，本集團整體業務及財務表現均受到嚴重影響。

本集團於本年度錄得營業額約561,105,000港元，較去年之142,594,000港元增加293%。截至二零零四年三月三十一日止年度之股東應佔虧損為108,838,000港元，而二零零三年則為收益190,447,000港元。

### 信用卡業務

非典型肺炎爆發後，香港幾乎所有行業均於本年度上半年度遭受打擊，而我們的信用卡業務所受打擊尤為嚴重，消費財務範疇之信貸需求持續下降，消費信心薄弱。年內息率持續創新低，業內競爭趨於白熱化，我們的利息收入淨額隨之減少。然而，本集團之呆壞賬開支亦由去年36,574,000港元銳減76.4%至8,631,000港元。信用卡業務錄得營業額約17,356,000港元，較二零零三年下降56.6%。

然而，受惠於經濟好轉、失業率回落及香港推行正面信貸資料分享，加上持續進行市場推廣工作，我們於財政年度下半年成功大舉擴展客戶基礎。

本集團正積極探討向中國公司（特別是銀行及保險公司等財務機構）推廣度身訂造之全面信用卡發行、處理及後勤服務，以擴展其信用卡後勤／處理服務至中國之可能性。

### 金融及證券投資

本集團的金融及證券投資部門於截至二零零四年三月三十一日止年度錄得約490,611,000港元之營業額，即較去年的47,717,000港元上升928%。金融及證券投資部門錄得經營虧損74,614,000港元，而二零零三年則為201,697,000港元。虧損主要來自於中國燃氣控股有限公司（「中國燃氣」）之其他投資之已變現及未變現收益。

## CHAIRMAN'S STATEMENT – continued

### FINANCIAL AND SECURITIES INVESTMENT – continued

At the end of March 2003, the other investments held by the Group primarily consisted of its 26.41% shareholdings in China Gas. The Group's investments in China Gas have been dealt with in accordance with the Group's accounting policy for other investments and is stated at HK\$0.86 per share based on the market value of the shares at the balance sheet date and recorded an unrealized gain of approximately HK\$227 million for the year ended March 31, 2003.

During the year ended March 31, 2004, China Gas's shares traded in a price range of HK\$0.64 to HK\$1.22 and the market value of the shares at the balance sheet date of March 31, 2004 was HK\$0.67 per share. During the year ended March 31, 2004, the Group disposed of approximately 160 million shares resulting in a realized loss of approximately HK\$46.5 million and as at March 31, 2004 held approximately 9.3% shareholdings resulting in an unrealized loss of approximately HK\$30.5 million. As a result, the Group recorded realized and unrealized losses of approximately HK\$77 million in relation to its investment in China Gas.

On January 16, 2004, the Group entered into a share sale agreement with Mr. Liu Ming Hui, the Managing Director of China Gas ("Mr. Liu") to dispose of its 250,000,000 ordinary shares of China Gas for an aggregate consideration of HK\$180,000,000. As at March 31, 2004, the sale and purchase of 90,000,000 shares has been completed.

### HEALTH CARE

The Group's health care business recording a turnover of approximately HK\$50,777,000 and operating loss of approximately HK\$7,288,000.

Global Med Technologies Inc ("Global Med") is a leading supplier of management information systems to U.S. blood centers. Current clients of Global Med's products and services manage more than 3 million units of blood or over 22% of the U.S. blood supply each year.

Additionally, the American Red Cross conducted a pilot launch of a state-of-the-art transfusion service management information system from Global Med on October 22, 2002 and Global Med has been working closely with the Safe Blood for Africa™ Foundation to provide products, support and services to help establish urgently needed blood services and support throughout sub-Saharan Africa, in order to help stop the transmission of AIDS through contaminated blood transfusions, inline with President Bush's US\$15 billion initiative to help save the lives of AIDS-infected people in Africa and to further help decrease the spread of AIDS in Africa.

## 主席報告 – 續

### 金融及證券投資 – 續

於二零零三年三月底，本集團所持其他投資主要包括於中國燃氣的26.41%股權。本集團於中國燃氣的投資根據本集團有關其他投資的會計政策處理，乃按其於結算日之股份市值以每股0.86港元列賬，於截至二零零三年三月三十一日止年度錄得未變現收益約227,000,000港元。

截至二零零四年三月三十一日止年度，中國燃氣的股價於0.64港元至1.22港元之間上落，而於二零零四年三月三十一日結算日之股份市價為每股0.67港元。截至二零零四年三月三十一日止年度，本集團售出約160,000,000股，產生已變現虧損約46,500,000港元，而於二零零四年三月三十一日所持約9.3%股權則產生未變現虧損約30,500,000港元。本集團因而就其於中國燃氣的投資錄得已變現及未變現虧損約77,000,000港元。

於二零零四年一月十六日，本集團與中國燃氣董事總經理劉明輝先生（「劉先生」）訂立股份銷售協議，以總代價180,000,000港元，出售中國燃氣250,000,000股普通股。截至二零零四年三月三十一日，已完成買賣90,000,000股股份。

### 保健

本集團保健業務錄得營業額約50,777,000港元及經營虧損約7,288,000港元。

Global Med Technologies Inc.（「Global Med」）為美國輸血中心管理資訊系統供應商中之翹楚。目前使用Global Med產品及服務的客戶每年管理超過3,000,000個單位的血液或美國每年血液供應的22%以上。

此外，於二零零二年十月二十二日，美國紅十字會試用Global Med的先進輸血服務管理資訊系統。Global Med亦與Safe Blood for Africa™ Foundation緊密合作，向非洲撒哈拉沙漠週邊地區提供產品、支援及服務，協助建立緊急血液服務及支援。此項目之目標為遏止愛滋病透過輸血傳播，加上美國總統布殊動用150億美元拯救非洲感染愛滋病人士，望有助制止非洲之愛滋病擴散。

### OUTLOOK

In the year 2004, we have already seen the gradual recovery in the Hong Kong economy, the declining trend of personal bankruptcies and the availability of positive credit data of customers. The boost in job opportunities and pick up in the property markets have changed the consumer spending behaviour and increased the demand for consumer loans. It is our business strategy to continue to focus on the financial and securities investment businesses including corporate finance, consumer finance and the credit card business. We will continue to introduce reputable strategic partners and undertake an aggressive marketing strategy to create opportunities to enlarge the credit card customer base, enhance the Group's business connections, and build on our brand name and international recognition.

The Group's business direction includes diversification of country risk through the expansion and development of its existing business model of corporate finance, consumer finance and the credit card businesses outside of Hong Kong with a strong focus in Singapore and the PRC.

In order to better reflect the finance nature of the Group's principal business, we have proposed on July 21, 2004 to change the English and Chinese name of the Company to "China Credit Holdings Limited 中國信貸集團有限公司" respectively. A special resolution will be proposed at the annual general meeting to be held on August 26, 2004 for the shareholders of the Company to consider and if thought fit, approve the change of name of the Company.

The Group maintained a very strong cash position throughout the year and had a cash balance of over HK\$144,311,000 as at March 31, 2004. This advantage, together with the continued growth of our core business and prudent investment strategies, makes us highly competitive in the current depressed economy. We are realistically optimistic about our future. By effective utilisation of our capital, we will expand and extend our business in the years to come.

The Group is also undertaking the development of new business activity by combining travel-related and finance-related activity through a group entity China Xpress Pte. Ltd. ("China Xpress"). China Xpress intends to become a China focused company with strong international presence and achieve this through acquisitions and strategic partnerships throughout the travel and travel-related industries.

In the coming year, the Group will create further synergies among its strategic partners in order to maximise its competitive advantages in large scale operations and services.

### APPRECIATION

I would like to thank the members of the Board for their guidance and to extend my appreciation to the management and staff for their continued dedication and hard work.

By Order of the Board  
**CHAN HENG FAI**  
*Managing Chairman*

Hong Kong, July 27, 2004

### 展望

二零零四年，香港經濟逐步復甦，個人破產個案數字已回落，且已推行正面消費信貸資料分享。就業機會增加，加上物業市場好轉，均有助恢復消費開支及消費貸款需求。我們之業務策略為繼續著眼於金融及證券投資業務，包括企業財務、消費信貸及信用卡業務。我們將繼續引入其他著名策略夥伴及採取積極市場推廣策略，以製造機會擴大信用卡客戶基礎、提升本集團之業務聯繫及建立我們之品牌及國際知名度。

本集團之業務方向包括透過擴大及發展其於香港以外地區之現有企業財務、消費信貸及信用卡業務，以分散國家風險，並以新加坡及中國市場為重點。

為更反映本集團以金融業務為主業，我們於二零零四年七月二十一日建議將本公司英文及中文名稱更改為「China Credit Holdings Limited 中國信貸集團有限公司」。股東週年大會將於二零零四年八月二十六日舉行，會上將提呈特別決議，徵求本公司股東考慮及酌情批准本公司易名。

本集團年內現金水平維持穩健，於二零零四年三月三十一日，現金結餘超過144,311,000港元。憑藉此優勢加上本公司核心業務持續增長及審慎投資策略，本公司因而能於目前低迷經濟中維持高度競爭力，所以對前景審慎樂觀。本公司將可於未來藉有效運用資金擴展及擴充其業務。

本集團亦正透過一個集團實體 China Xpress Pte. Ltd. (「China Xpress」)，結合旅遊相關及金融相關業務，以發展新業務。China Xpress有意透過在旅遊及旅遊相關業內進行收購及策略性夥伴結盟，成為一間以中國市場為主導並擁有鞏固國際地位之公司。

來年，本集團將於策略夥伴間進一步創造協同效益，以提升大規模業務及服務之競爭優勢。

### 致謝

本人謹此對董事會各成員的英明指導以及一直鞠躬盡瘁的管理層及員工致以衷心謝意。

承董事會命  
執行主席  
**陳恒輝**

香港，二零零四年七月二十七日