G.A. HOLDINGS LIMITED
G.A. 控 股 有 限 公 司

*(incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong under the trading name of
German Automobiles International Limited)*

Stock Code: 8126

RESULTS ANNOUNCEMENT
For the year ended 31 December 2003

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This announcement, for which the directors of G.A. Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting.

The board of directors (the "Directors") of G.A. Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2003.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2003

		Year ended 31 December	
		2003	2002
	Note	***S$'000***	*S$'000*
Turnover	*2*	**139,319**	101,877
Other revenue	*2*	**417**	210
Other income		**823**	446
Cost of inventories		**(124,310)**	(87,698)
Staff costs	*4*	**(2,157)**	(2,029)
Depreciation and amortisation		**(860)**	(435)
Minimum lease payments for operating leases		**(642)**	(498)
Exchange differences, net		**(1,751)**	(816)
Other operating expenses		**(4,880)**	(5,144)
Profit from operations		**5,959**	5,913
Finance costs, net	*4*	**(1,552)**	(1,759)
Profit from ordinary activities before taxation	*4*	**4,407**	4,154
Taxation	*5*	**(1,088)**	(1,330)
Profit after taxation but before minority interests		**3,319**	2,824
Minority interests		**22**	25
Profit attributable to shareholders	*6*	**3,341**	2,849
Dividends	*7*	**—**	—
Basic earnings per share (Singapore cents)	*8*	**0.84**	0.78

NOTES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Statements of Standard Accounting Practice (the "SSAPs") and Interpretations issued by the Hong Kong Society of Accountants (the "HKSA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The financial statements have been prepared on a basis consistent with the accounting policies and method adopted in the previous year except for SSAP 12 (Revised) "Income taxes" which is effective for accounting periods commencing on or after 1 January 2003. SSAP 12 (Revised) has had no significant impact for the financial statements on the amounts recorded for income taxes. However, the related note disclosures are now more extensive than previously required. These are detailed in note 5 in this announcement and include a reconciliation of tax expense between the accounting profit and tax income for the year.

2. TURNOVER AND REVENUE

Turnover and revenue recognised by category are as follows:

	Year ended 31 December	
	2003	2002
	S$'000	*S$'000*
Turnover		
Sales of motor vehicles	**130,195**	84,818
Servicing of motor vehicles and sales of auto parts	**3,838**	11,474
Technical fee income	**4,109**	4,284
Management fee income	**1,177**	1,301
	139,319	101,877
Other revenue		
Rental income	**417**	210
Total revenue	**139,736**	102,087

3. SEGMENT INFORMATION

Business segment

The Group is organised with four business segments, namely:

Activity 1: Sales of motor vehicles and provision of car-related technical services;
Activity 2: Servicing of motor vehicles and sales of auto parts;
Activity 3: Provision of management services in respect of car rental business; and
Activity 4: Commission income from sales of cars from German Automobiles Pte Ltd. ("GAPL") to German Automobiles Ltd. ("GAL") (i.e. intra-group)

Business segment analysis for the year ended 31 December 2003 is as follows:

	Activity 1 2003 *S$'000*	Activity 2 2003 *S$'000*	Activity 3 2003 *S$'000*	Activity 4 2003 *S$'000*	Inter-segment elimination 2003 *S$'000*	Group 2003 *S$'000*
Turnover						
Revenue from external customers	134,304	3,838	1,177	—	—	139,319
Inter-segment revenue	490	—	—	5,200	(5,690)	—
Segment turnover	134,794	3,838	1,177	5,200	(5,690)	139,319
Segment results	2,742	(751)	570	4,255	—	6,816
Unallocated expenses						(857)
Profit from operations						5,959
Finance costs, net						(1,552)
Taxation						(1,088)
Minority interests						22
Profit attributable to shareholders						3,341
Other information						
Depreciation	52	315	—	—		
Amortisation of prepaid rental expenses	—	—	82	—		

Business segment analysis for the year ended 31 December 2002 is as follows:

	Activity 1 2002 S$'000	Activity 2 2002 S$'000	Activity 3 2002 S$'000	Activity 4 2002 S$'000	Inter-segment elimination 2002 S$'000	Group 2002 S$'000
Turnover						
Revenue from external customers	89,102	11,474	1,301	—	—	101,877
Inter-segment revenue	—	—	—	3,080	(3,080)	—
Segment turnover	89,102	11,474	1,301	3,080	(3,080)	101,877
Segment results	3,596	(393)	806	3,080	—	7,089
Unallocated expenses						(1,176)
Profit from operations						5,913
Finance costs, net						(1,759)
Taxation						(1,330)
Minority interests						25
Profit attributable to shareholders						2,849
Other information						
Depreciation	29	258	—	—		
Impairment loss on property, plant and equipment	—	229	—	—		
Amortisation of prepaid rental expenses	—	—	82	—		

Geographical segment

The Group has business operations in the People's Republic of China (the "PRC"), Hong Kong and Singapore. An analysis of the Group's revenue from external customers by location of customers is as follows.

	Year ended 31 December 2003 S$'000	2002 S$'000
The PRC	**89,191**	51,800
Hong Kong	**50,128**	50,077
	139,319	101,877

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging (crediting):

	Year ended 31 December **2003** ***S$'000***	2002 *S$'000*
(a) Finance costs, net		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	**1,599**	1,811
Interest on other loans	**—**	14
Finance charges on obligations under finance leases	**29**	8
	1,628	1,833
Interest income	**(76)**	(74)
	1,552	1,759
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plans	**83**	77
Salaries, wages and other benefits	**2,074**	1,952
	2,157	2,029
(c) Other items		
Auditors' remuneration	**79**	71
Depreciation of property, plant and equipment:		
Assets held for use under operating leases	**185**	64
Other assets	**593**	289
Amortisation of prepaid rental expenses	**82**	82
Impairment loss on property, plant and equipment included in other operating expenses	**—**	229

5. TAXATION

The charge comprises:

	2003	2002
	S$'000	*S$'000*
Hong Kong profits tax:		
Current year	**706**	346
Over-provision in prior years	**(30)**	—
	676	346
Overseas taxation:		
Current tax	**412**	1,194
Provision of deferred taxation utilised during the year	**—**	(210)
	412	984
	1,088	1,330

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% *(2002: 16%)* on the estimated assessable profit of Hong Kong subsidiaries for the year.

(b) Singapore income tax

Overseas taxation relates to tax calculated based on the estimated assessable profit of Singapore subsidiaries at the rate of 22% *(2002: 22%)* for the year.

(c) PRC enterprise income tax

No income tax has been provided for PRC subsidiaries as they incurred losses for taxation purposes during the year.

(d) Deferred taxation

Deferred taxation in prior year represents the utilisation of the taxation effect on the temporary differences arising from general provisions and movements in unrealised exchange differences made in previous years.

Deferred taxation has not been provided as the tax effect of temporary differences is insignificant at the balance sheet date.

Reconciliation of tax expense:

	2003	2002
	S$'000	*S$'000*
Profit from ordinary activities before taxation	**4,407**	4,154
Taxation at applicable rate of 25.4% *(2002: 23.4%)*	**1,118**	971
Non-deductible expenses	**104**	199
Tax exempt revenue	**(15)**	(24)
Unrecognised temporary differences	**17**	184
Recognition of previously unrecognised deferred assets	**(103)**	—
Over provision in prior year	**(30)**	—
Others	**(3)**	—
Tax expense for the year	**1,088**	1,330

The application rate is the weighted average of rates prevailing in the territories in which the Company and its subsidiaries operate.

6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders include a loss of approximately S$554,000 *(2002: S$362,000)* which has been dealt with in the financial statements of the Company for the year.

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2003 *(2002: Nil)*.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to the shareholders for the year of S$3,341,000 *(2002: S$2,849,000)* and weighted average number of 400,000,000 *(2002: 363,178,082)* shares in issue during the year.

Diluted earnings per share is not presented as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2003 and 2002.

9. STATEMENT OF CHANGES IN EQUITY

The Group

	Issued capital S'000	Share premium S'000	Capital reserve S'000	Translation reserve S'000	Accumulated profits S'000	Total S'000
As at 1 January 2002	7,232	—	1,689	80	2,690	11,691
Net losses not recognised in income statement						
Translation difference	—	—	—	(128)	—	(128)
Shared by minority shareholder	—	—	—	(19)	—	(19)
Issue of share capital	1,808	7,232	—	—	—	9,040
Placing expenses	—	(3,226)	—	—	—	(3,226)
Profit for the year	—	—	—	—	2,849	2,849
As at 31 December 2002	9,040	4,006	1,689	(67)	5,539	20,207
Net gains (losses) not recognised in income statement						
Translation difference	—	—	—	(258)	—	(258)
Shared by minority shareholder	—	—	—	23	—	23
Profit for the year	—	—	—	—	3,341	3,341
As at 31 December 2003	9,040	4,006	1,689	(302)	8,880	23,313

The Company

	Issued capital S'000	Share premium S'000	Capital reserve S'000	Accumulated losses S'000	Total S'000
As at 1 January 2002	—	—	—	—	—
Swap of shares	7,232	—	645	—	7,877
Issue of share capital	1,808	7,232	—	—	9,040
Placing expenses	—	(3,226)	—	—	(3,226)
Loss for the year	—	—	—	(362)	(362)
As at 31 December 2002	9,040	4,006	645	(362)	13,329
Loss for the year	—	—	—	(554)	(554)
As at 31 December 2003	9,040	4,006	645	(916)	12,775

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the current year's presentation as the Directors consider that would be more appropriate for the presentation of the Group's results and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2003, the turnover of the Group increased by approximately 36.8% as compared to the year of 2002. The increase was mainly contributed by the increase of sales volume of the imported motor vehicles.

Sales of motor vehicles

The Group mainly distributes imported motor vehicles to the PRC market. During the year, the turnover of this segment took up approximately 93.5% of the total Group's turnover.

There are several factors affecting the imported motor vehicles market of the PRC, including tariffs, quota, the domestic demand and substitutes of locally manufactured motor vehicles. The continuous deduction of tariffs for imported motor vehicles and increase in import quota are the regulatory measures implemented by the PRC government, which are in line with the proposal under its WTO's protocol to diminish the protectionism over the domestic car manufacturing industry. The policies directly enhanced the competitiveness of the imported motor vehicles. The remarkable economic growth of the Mainland China in these years also backed the strong demand for the imported motor vehicles.

Nonetheless, the local motor vehicles manufacturing has developed dramatically in recent years, there was still a strong growth in the number of imported motor vehicles in the PRC in terms of both the sales volume and number of motor vehicles. Importing of motor vehicles constituted a supplemental role to the locally manufactured motor vehicles in the PRC. For the market segments of luxury sedans and sporty utility vehicles which the PRC manufacturers did not focus, the growth of imported motor vehicles were remarkable. The car models for those luxury sedans and sporty utility vehicles made by the PRC manufacturers are limited in choice. Thus, imports of those luxury models are necessary to satisfy such demand segments.

Servicing of motor vehicles and sales of auto parts

In December 2003, the Group completed the building of a 4-in-1 complex building in Haichang, Xiamen, which includes a sales office, a showroom, a workshop and a service centre. The complex building was designed and built in accordance with BMW standard, which was intended to surrogate the existing one in Xiamen.

The relocation of service centre to Haichang definitely enhances the Group's quality of pre-sales and after-sales services. In the first quarter of 2004, the Group transferred all the equipment and workforce from the existing service centre to the newly established complex building in Haichang and commenced the operation of the service centre in Haichang.

To expand the geographical coverage of the servicing business, the Group is establishing another service centre in Fuzhou Municipality in Fujian Province. In February 2003, the Fuzhou City Planning Bureau has approved a piece of land located at Cangshan Science Park in Fuzhou City as the construction site of the Fuzhou service centre. However, the Group is pending the granting of land title certificates for the said land by the PRC's authority and the approval of layout plan of the service centre by the Beijing office of BMW AG. Once the aforementioned sanctions are obtained, the construction will commence. The Directors expect the Fuzhou service centre will be completed by the end of 2004. Upon the completion of this service centre, the servicing coverage of the Group will be further enhanced.

Technical fee income

The Group received technical fee income from the business partner, North Anhua Group Corporation ("NAGC"), for providing management consulting and technical assistance in relation to NAGC's sales of the PRC manufactured Honda motor vehicles. During the year, the number of Honda motor vehicles sold by NAGC was decreased because of tensed competition from the local motor vehicles manufacturers.

In October 2003, the Group entered into an agreement with Xiamen Zhong Bao Automobiles Co., Ltd. ("Xiamen Zhong Bao"), a company owned as to 12.17% by NAGC, to provide management consulting and technical assistance for its locally manufactured BMW motor vehicles sold in return for technical fee income. The PRC manufactured BMW motor vehicles were launched in October 2003.

Management fee income

The Group appointed 3 PRC car rental operators, namely Beijing China National Automotive Anhua Automobiles Leasing Co., Ltd. (the "Beijing Sub-licensees"), (a wholly subsidiary of NAGC), Shanghai China National Automotive Anhua Automobiles Services Co., Ltd. (the "Shanghai Sub-licensees"), (a company of which 90% of its interest is owned by NAGC) and Guangzhou China National Automotive Anhua Automobiles Services Co., Ltd. (the "Guangzhou Sub-licensees"), (a company of which 90% of its interest is owned by NAGC) (collectively the "Three Sub-licensees"), as the sub-licensees to run the car rental business. The Group provided management consulting and technical services to each sub-licensee in return for an annual management fee income. The Three Sub-licensees launched their operations in their appointed regions in January 2002. Simultaneously, the Group commenced the operation of service centre in Beijing to provide management consulting and technical services to the Three Sub-licensees.

During the year, the Group helped the Three Sub-licensees develop their value-added service package including Corporate Plus Program, Global Traveler Program and Make a Leap. These served to simplified the rental procedures and enhance customers' satisfaction.

Car rental business

In July 2003, GAL, the wholly owned subsidiary of the Group, was appointed by Hertz International Limited ("Hertz International") as the licensee of Hertz car rental business in Hong Kong. Prior to the official appointment, GAL had already operated a small car fleet to trial run the rental business. The car fleet comprised cars with various models and sizes to fit customers' needs. The rental customers mainly focused on the expatriates of multinational corporations from the foreign countries.

Update of progress of the construction of service centres

The construction of the service centre in Haichang, Xiamen was completed in December 2003 with all title certificates and "certificate of completion" issued by the relevant PRC authority. The relocation of the service centre in Xiamen to Haichang was completed and the service centre in Haichang has commenced its services to the customers.

Pursuant to the project co-operation agreement dated 10 August 2001 between Xiamen BMW Automobiles Service Co., Ltd. ("Xiamen BMW"), a joint venture established in the PRC by GAPL and the registered capital of which is entirely contributed by the Group, and Jin Tian Cheng Development Co., Ltd. ("Jin Tian Cheng") as supplemented by the four agreements dated 7 December 2001, 15 April 2002 and 12 and 16 September 2003 respectively entered into amongst Xiamen BMW, Jin Tian Cheng and NAGC, the Group would establish another service centre in Fuzhou to enhance the geographical coverage of its servicing business. The Group is awaiting the approval of Beijing office of BMW AG to commence construction of the Fuzhou service centre.

Establishments of subsidiaries in the PRC

The Group injected capital of approximately S$345,000 and S$1,816,000 to establish Xiamen German Automobiles Trade Co., Ltd. ("Xiamen GA Trade") in October 2003 and Fuzhou BMW Automobiles Service Co., Ltd. ("Fuzhou BMW") in December 2003 respectively.

Xiamen GA Trade was incorporated in the Free Trade Zone of Xiangyu in Xiamen, which is a wholly owned subsidiary of the Group. Xiamen GA Trade was set up to conduct direct trading of motor vehicles and auto parts in the Free Trade Zone. As at the date of this announcement, Xiamen GA Trade was still dormant.

Fuzhou BMW was incorporated in Fuzhou Municipality, which is also a wholly owned subsidiary of the Group. Fuzhou BMW was set up as the foothold in Fuzhou. Upon the completion of service centre in Fuzhou, Fuzhou BMW will operate the distribution and service centre in the region. As at the date of this announcement, Fuzhou BMW was still dormant.

BUSINESS PROSPECT

The auto market in the PRC is still growing dramatically. Commencing from 1 January 2004, the tariffs on imported motor vehicles further reduced from 38.2% to 34.2% for those cylinder capacity not exceeding 3,000 c.c. and 43.0% to 37.6% for those cylinder capacity exceeding 3,000 c.c.. Even though the magnitude of reduction for the year of 2004 was narrowed when comparing with that of the years of 2002 and 2003, the tariffs cut would be definitely beneficial the imported car market.

The locally manufactured BMW motor vehicles assembled in Shenyang, Liaoning Province were introduced to the market in the last quarter of the year. The Group entered into an agreement with Xiamen Zhong Bao to provide management consulting and technical assistance in relation to its sales of locally manufactured BMW motor vehicles for technical fee income. Such arrangement helped the Group grasp the market of locally manufactured BMW motor vehicles and enhanced the income source of the Group. From the trails of manufacturing of motor vehicles of other foreign brands in the PRC, the Directors expect the growth in this technical fee income will be encouraging.

The service centre in Fuzhou is about to build upon the approval of BMW Beijing office over the layout plan and granting of land title certificates by the PRC relevant authority. The service centre is supplemental to the Haichang one due to the introduction of locally manufactured BMW motor vehicles which increases demand of pre-sales and after-sales services.

The car rental business in Hong Kong is still in the infant stage. The Directors will review the business environment and assess the market demand from time to time to sketch out the expansion plan for the car rental business in Hong Kong.

FINANCIAL REVIEW

Overview

The majority of the Group's turnover during the year ended 31 December 2003 was derived by GAPL, a subsidiary operating in Singapore, principally engaged in the business of distributing motor vehicles, auto parts and accessories.

Turnover

For the year ended 31 December 2003, the turnover of the Group amounted to approximately S$139,319,000, and an increase of approximately 36.8% as compared with that of the year ended 31 December 2002. This is mainly contributed by the increase in the sale of motor vehicle by approximately 53.5% during the year, owing to the increase in demand for BMW motor vehicles. For the year ended 31 December 2002, revenues generated from distributing BMW were approximately S$45,235,000 and increased to approximately S$95,695,000 for the year ended 31 December 2003. The Directors believe such increase was resulted from increasing demand induced by the strong economic growth of the PRC.

For the year ended 31 December 2003, the income generating from servicing of motor vehicles and sales of auto parts was approximately S$3,838,000, representing a decrease of approximately 66.6% as compared with that of the year ended 31 December 2002. The Directors believed that the decrease in servicing income and sales of auto parts was due to the decline in sales of auto parts. Since the auto parts policy of BMW changed during the year, GAPL and GAL could no longer order auto parts directly and sell them to the Hong Kong resellers.

In spite of the commencement of provision of technical services to Xiamen Zhong Bao, the technical fee income decreased by approximately 4.1% to approximately S$4,109,000 for the year ended 31 December 2003 as compared with S$4,284,000 for the year ended 31 December 2002. This was mainly due to the keen competition in the locally manufactured cars market in the PRC. The number of locally manufactured Honda cars sold by NAGC declined during the year. Technical fee income from NAGC and Xiamen Zhong Bao was approximately S$3,662,000 and S$447,000 for the year ended 31 December 2003 and S$4,284,000 and S$Nil for the year ended 31 December 2002 respectively.

Management fee income from the Three Sub-licensees was approximately S$1,177,000 for the year ended 31 December 2003, a decrease of approximately 9.5% as compared with approximately S$1,301,000 for the year ended 31 December 2002. The decrease was mainly due to an adjustment on the annual fee charged mutually agreed by the Three Sub-licensees and the Group.

Gross Profit

Gross profit margin for income from distribution of motor vehicles was approximately 7.6% and 7.7% respectively for the years ended 31 December 2003 and 2002. The gross profit margin of technical fee and car rental management fee income were 100% for both years ended 31 December 2003 and 2002. For the years ended 31 December 2003 and 2002, the gross profit margin of the Group was approximately 10.8% and 13.9% respectively. The decrease in gross profit margin resulted from the lower price strategy adopted by the Group in the distribution of motor vehicles.

For the year ended 31 December 2003, the gross profit of the Group was approximately S$15,009,000, representing an increase of approximately 5.9% over that of the year ended 31 December 2002.

Operating expenses

Other operating expenses for the year ended 31 December 2003, amounted to approximately S$4,880,000, a decrease of approximately 5.1% as compared with that of the year ended 31 December 2002. The decrease was mainly the mixed effect of a reduction of the non-recurring expense for promoting the new BMW 7 Series, a reduction of Xiamen exhibition and showroom expense and an increase of bank charges.

Profit attributable to shareholders

Profit attributable to shareholders for the year ended 31 December 2003 was approximately S$3,341,000 as compared with approximately S$2,849,000 for the year ended 31 December 2002. The profits for 2003 increased by approximately 17.3% as compared with that of 2002.

Financial resources and liquidity

As at 31 December 2003, shareholders' fund of the Group amounted to approximately S$23,313,000 *(2002: S$20,207,000)*. Current assets amounted to approximately S$70,781,000 *(2002: S$56,896,000)*. Of which approximately S$9,584,000 *(2002: S$13,322,000)* were cash and bank deposits. Current liabilities amounted to approximately S$61,341,000 *(2002: S$49,518,000)* mainly its trade payables, bills payables, bank loans, accruals and other payables and current account with affiliated companies. The Group had non-current liabilities amounted to approximately S$2,721,000 *(2002: S$817,000)*. The net asset value per share as at 31 December 2003 was approximately S$0.058 *(2002: S$0.051)*.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 31 December 2003, the Group had a gearing ratio of 0.52 *(2002: 0.47)*.

Foreign Exchange Exposure

During the year ended 31 December 2003, the Group had an exchange loss of approximately S$1,751,000 *(2002: S$816,000)*, mainly due to the revaluation of euro against SGD, whereas the purchases for BMW passenger vehicles were mainly denominated in euro. The Group has commenced hedging to the fluctuations in exchange rates by entering into forward contracts since the fourth quarter of the year.

Charges on Group Assets

As at 31 December 2003, the Group pledged time deposits of approximately S$7,553,000 *(2002: S$7,836,000)* and charged plant and machinery of approximately S$140,000 *(2002: S$Nil)* to several banks for banking facilities for the Group and a related company of NAGC and to secure guarantees given by the bank to Hertz International, the principal of the "Hertz" system of car rental business (the "Car Rental Business").

As at 31 December 2003, the Group charged legal mortgages on the property and land and building with net book value of approximately S$826,000 *(2002: S$839,000)* and S$343,000 *(2002: S$348,000)* respectively to banks to secure 2 mortgages.

Contingent Liabilities

As at 31 December 2003, the Group provided a bank guarantee of approximately S$7,314,000 *(2002: S$7,446,000)* to a bank in respect of banking facilities to Beijing China Automotive Anhua Spare Parts Ltd. ("BCNA") (a company of which 45% of its interest is owned by China National Automotive Anhua Hertz Services Centre Co., Ltd. ("CNA Anhua (Hertz)"), a wholly owned subsidiary of NAGC).

The Group as the principal licensee of the Car Rental Business, has given corporate guarantees to the principal of the Car Rental Business, guaranteeing the performance and timely payment by the Three Sub-licensees of all amounts payable under the respective sub-licensees agreements to Hertz International Ltd. The Three Sub-licensees were subsidiaries of NAGC. A Director of the Company was appointed as a director of CNA Anhua (Hertz), the parent company of the Three Sub-licensees. Thus, the Three Sub-licensees were subject to significant influence by the Director of the Company. The Director resigned his directorship in March 2003 and since then he has had no significant influence over the Three Sub-licensees.

Employees

As at 31 December 2003, the total number of employees of the Group was 84. For the year ended 31 December 2003, the staff costs including directors' remuneration of the Group amounted to approximately 1.5% of the turnover of the Group and an increase of approximately S$128,000 or approximately 6.3% as compared to that of the year ended 31 December 2002.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2003, the Group had no material acquisition and disposal of subsidiaries and affiliated companies.

Significant Investment

As at 31 December 2003, the Group had no significant investment held.

Material Investments or Capital Assets

As at 31 December 2003, the Group had no future plans for material investment except that capital assets will be purchased in accordance with the details set out in the section headed "Statement of business objectives" in the prospectus of the Company dated 10 June 2002.

Capital Structure of the Group in Debt Securities

During the year ended 31 December 2003, the Group had no debt securities in issue.

COMPLIANCE WITH RULE 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company has complied with the standards of good practice concerning the general management responsibilities of the Board as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants since 5 June 2002. As at 31 December 2003, the audit committee comprises two independent non-executive Directors, Ms. Lam So Ying and Mr. Lee Kwok Yung and the Chairman and managing Director, Mr. Chan Hing Ka Anthony.

The duties of the audit committee include reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advice and comments thereon to the board of Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. During the year, five audit committee meetings were held, including one for reviewing the annual accounts.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

The Directors as at the date of this announcement are:

Executive Directors
Mr. Chan Hing Ka Anthony *(Chairman and Managing Director)*
Mr. Loh Kim Her
Mr. Loh Nee Peng
Mr. Xu Ming

Independent non-executive Directors
Ms. Lam So Ying
Mr. Lee Kwok Yung

By Order of the Board
Chan Hing Ka Anthony
Chairman and Managing Director

Hong Kong, 16 June 2004