



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)*

RESULTS ANNOUNCEMENT

For the six months ended 30 June 2004

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 date of its posting.

The board (the “Board”) of directors (the “Directors”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2004 (the “Interim Period”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2004

		(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
		2004	2003	2004	2003
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Turnover	3	33,251	33,572	63,679	58,349
Other revenues	3	149	94	247	179
Other income		49	47	86	56
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cost of inventories		(30,995)	(30,491)	(57,386)	(52,111)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Staff costs	4	(433)	(508)	(876)	(1,009)
Depreciation and amortisation		(242)	(200)	(462)	(390)
Minimum lease payments for operating expenses		(56)	(104)	(122)	(217)
Exchange differences, net		(383)	37	100	243
Other operating expenses		(1,274)	(1,326)	(2,430)	(2,298)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit from operations		66	1,121	2,836	2,802
Finance costs, net	4	(351)	(400)	(892)	(724)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit/(Loss) from ordinary activities before taxation	4	(285)	721	1,944	2,078
Taxation	5	(25)	(134)	(509)	(433)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit after taxation but before minority interests		(310)	587	1,435	1,645
Minority interests		5	5	10	12
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit/(Loss) attributable to shareholders		<u>(305)</u>	<u>592</u>	<u>1,445</u>	<u>1,657</u>
Earnings/(Losses) per share – Basic (Singapore cents)	6	<u>(0.08)</u>	<u>0.15</u>	<u>0.36</u>	<u>0.41</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2004

		(Unaudited) As at 30 June 2004 S\$'000	(Audited) As at 31 December 2003 S\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,912	6,639
Prepaid rental expenses		8,746	8,685
Non-current receivables		1,722	1,722
Total non-current assets		17,380	17,046
Current assets			
Inventories		8,852	757
Trade receivables, net	8	27,931	37,087
Bills receivables		2,328	12,317
Prepayment, deposits and other current assets		15,903	10,956
Due from related companies		91	80
Pledged bank deposits		6,431	7,553
Bank balances and cash		4,540	2,031
Total current assets		66,076	70,781
Current liabilities			
Trade payables	9	(2,183)	(7,446)
Accruals and other payables		(7,907)	(4,036)
Bank overdraft		(4,806)	(1,642)
Bills payable to banks		(30,347)	(35,866)
Secured bank loans, current portion		(6,007)	(5,960)
Obligations under finance leases, current portion		(548)	(401)
Due to related companies		(530)	(515)
Due to directors		(26)	(608)
Taxation		(4,984)	(4,867)
Total current liabilities		(57,338)	(61,341)
Net current assets		8,738	9,440
Total assets less current liabilities		26,118	26,486
Non-current liabilities			
Secured bank loans, non-current portion		(113)	(2,231)
Obligations under finance leases, non-current portion		(642)	(490)
Total non-current liabilities		(755)	(2,721)
Minority interests		(441)	(452)
NET ASSETS		24,922	23,313
CAPITAL AND RESERVES			
Issued capital		9,040	9,040
Reserves		15,882	14,273
		24,922	23,313

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued capital <i>S\$'000</i>	Share premium <i>S\$'000</i>	Capital reserve <i>S\$'000</i>	Translation reserve <i>S\$'000</i>	Accumulated profits <i>S\$'000</i>	Total <i>S\$'000</i>
As at 1 January 2004	9,040	4,006	1,689	(302)	8,880	23,313
Net gains (losses) not recognised in income statement						
Translation difference	—	—	—	166	—	166
Shared by minority shareholder	—	—	—	(2)	—	(2)
Profit for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,445</u>	<u>1,445</u>
As at 30 June 2004	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(138)</u>	<u>10,325</u>	<u>24,922</u>
As at 1 January 2003	9,040	4,006	1,689	(67)	5,539	20,207
Net gains (losses) not recognised in income statement						
Translation difference	—	—	—	4	—	4
Shared by minority shareholder	—	—	—	8	—	8
Profit for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,657</u>	<u>1,657</u>
As at 30 June 2003	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(55)</u>	<u>7,196</u>	<u>21,876</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2004*

	(Unaudited) six months ended 30 June 2004 <i>S\$'000</i>	(Unaudited) six months ended 30 June 2003 <i>S\$'000</i>
Net cash inflow from operating activities	636	935
Net cash (outflow)/inflow from investment activities	481	(1,042)
Net cash (outflow)/inflow from financing activities	<u>(1,772)</u>	<u>(18)</u>
Net (decrease)/increase in cash and cash equivalents	(655)	(125)
Cash and cash equivalents, beginning of period	<u>389</u>	<u>5,190</u>
Cash and cash equivalents, end of period	<u><u>(266)</u></u>	<u><u>5,065</u></u>
Analysis of cash and cash equivalents		
Bank balances and cash	4,540	6,513
Bank overdrafts	<u>(4,806)</u>	<u>(1,448)</u>
	<u><u>(266)</u></u>	<u><u>5,065</u></u>
Major non-cash transaction		
Inception of finance leases	<u><u>533</u></u>	<u><u>216</u></u>

1. Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practices 25 “Interim financial reporting” (“SSAP 25”) issued by the Hong Kong Society of Accountants and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. (the “GEM Listing Rules”). These condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

2. Accounting Policies

The accounting policies adopted for the preparation of these unaudited consolidated financial statements are consistent with those adopted by the Group in the annual audited financial statements for the year ended 31 December 2003.

3. Turnover and other revenue

The Company is an investment holding company. Its subsidiaries are principally engaged in (1) distribution of motor vehicles, (2) provision of after-sales service and trading of auto parts, (3) provision of marketing and technical assistance to North Anhua Group Corporation (“NAGC”) and (4) provision of management consulting and technical expertise to the car rental sub-licensees.

Turnover and revenue recognised by category are as follows:

	(Unaudited) three months ended		(Unaudited) six months ended	
	30 June		30 June	
	2004	2003	2004	2003
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Sales of motor vehicles	31,108	31,703	58,899	53,278
Servicing of motor vehicles and sales of auto parts	1,172	706	2,329	2,651
Technical fee income	681	895	1,878	1,826
Management fee income	290	268	573	594
	<u>33,251</u>	<u>33,572</u>	<u>63,679</u>	<u>58,349</u>
Other revenue				
Rental income	<u>149</u>	<u>94</u>	<u>247</u>	<u>179</u>
Total revenue	<u><u>33,400</u></u>	<u><u>33,666</u></u>	<u><u>63,926</u></u>	<u><u>58,528</u></u>

Turnover by geographic location is as follows:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2004 <i>S\$'000</i>	2003 <i>S\$'000</i>	2004 <i>S\$'000</i>	2003 <i>S\$'000</i>
Hong Kong	6,266	20,095	11,374	35,787
PRC	26,985	13,477	52,305	22,562
	<u>33,251</u>	<u>33,572</u>	<u>63,679</u>	<u>58,349</u>

The Group is organised on a worldwide basis into four 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 Limited ("GAL") (i.e. intra-group)

For the six months ended 30 June 2004:

	Activity 1 <i>S\$'000</i>	Activity 2 <i>S\$'000</i>	Activity 3 <i>S\$'000</i>	Activity 4 <i>S\$'000</i>	Elimination <i>S\$'000</i>	Total <i>S\$'000</i>
Turnover	<u>60,777</u>	<u>2,329</u>	<u>573</u>	<u>2,301</u>	<u>(2,301)</u>	<u>63,679</u>
Segment results	<u>1,180</u>	<u>(255)</u>	<u>282</u>	<u>1,849</u>	<u>—</u>	<u>3,056</u>

For the six months ended 30 June 2003:

	Activity 1 <i>S\$'000</i>	Activity 2 <i>S\$'000</i>	Activity 3 <i>S\$'000</i>	Activity 4 <i>S\$'000</i>	Elimination <i>S\$'000</i>	Total <i>S\$'000</i>
Turnover	<u>55,104</u>	<u>2,651</u>	<u>594</u>	<u>2,074</u>	<u>(2,074)</u>	<u>58,349</u>
Segment results	<u>1,347</u>	<u>(217)</u>	<u>167</u>	<u>1,625</u>	<u>—</u>	<u>2,922</u>

4. Profit before taxation

Profit before taxation is determined after charging (crediting):

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
(a) Finance costs, net				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	317	378	822	681
Interest on other loans	38	32	75	62
Finance charges on obligations under finances leases	15	7	26	13
	<u>370</u>	<u>417</u>	<u>923</u>	<u>756</u>
Interest income	(19)	(17)	(31)	(32)
	<u>351</u>	<u>400</u>	<u>892</u>	<u>724</u>
(b) Staff costs				
Contributions to defined contribution plans	21	25	44	56
Salaries, wages and other benefits	412	483	832	953
	<u>433</u>	<u>508</u>	<u>876</u>	<u>1,009</u>
(c) Other items				
Depreciation of property, plant and equipment:				
Assets held for use under operating leases	74	44	135	82
Other assets	130	135	251	267
Amortisation of prepaid rental expenses	38	21	76	41
	<u>38</u>	<u>21</u>	<u>76</u>	<u>41</u>

5. Taxation

The charge comprises:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2004	2003	2004	2003
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Hong Kong profit tax	160	170	314	281
Overseas taxation (overprovision in prior period/current period provision)	(135)	(36)	195	152
	<u>25</u>	<u>134</u>	<u>509</u>	<u>433</u>

6. Earnings/Losses per share

The calculation of basic losses per share for the three months ended 30 June 2004 was based on the unaudited consolidated loss attributable to shareholders of approximately S\$305,000 and on the 400,000,000 ordinary shares in issue during the three months ended 30 June 2004.

The calculation of basic earnings per share for the three months ended 30 June 2003 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$592,000 and on the 400,000,000 ordinary shares in issue during the three months ended 30 June 2003.

Diluted losses and earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2004 and 2003 respectively.

The calculation of basic earnings per share for the six months ended 30 June 2004 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$1,445,000 and on the 400,000,000 ordinary shares in issue during the six months ended 30 June 2004.

The calculation of basic earnings per share for the six months ended 30 June 2003 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$1,657,000 and on the 400,000,000 ordinary shares in issue during the six months ended 30 June 2003.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2004 and 2003.

7. Related party transactions

Particulars of significant connected transactions between the Group and related companies during the three months and six months ended 30 June 2004 and 2003 are as follows:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2004	2003	2004	2003
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Income Continuing				
Rental income from related companies (<i>note a</i>)	6	5	11	10
Expenses Continuing:				
Rental expenses to related companies (<i>note b</i>)	26	13	53	26

Notes:

- (a) Rental income from Octavus Properties Pte Ltd. and Eng Kheng (S) Pte Ltd. for sub-lease of office premises in Singapore. As at 30 June 2004, Octavus Properties Pte Ltd. was a 100% owned by Mr. Chan Hing Ka Anthony, a director and shareholder of the Company; Eng Kheng (S) Pte Ltd. was 61% owned by Mr. Chan Hing Ka Anthony and 39% owned by Ms. Chan Xiao Li, sister of Mr. Chan Hing Ka, Anthony.
- (b) Rental expenses to Atland Properties Pte Ltd. and Xiamen L&B Property Co., Ltd. for rental of office and showroom premises in Singapore and the PRC respectively. As at 30 June 2004, Atland Properties Pte Ltd. was 99.9% owned by Ms. Chan Xiao Li, sister of Mr. Chan Hing Ka Anthony, a director and shareholder of the Company; Xiamen L&B Property Co., Ltd. was 5% owned by Mr. Loh Kim Her, a director and shareholder of the Company and 95% owned by his family member.

In the opinion of the Directors, the above related party transactions were carried out in the normal course of business and on normal commercial terms.

8. Trade receivables

The Group generally allows credit period ranging from 2 to 5 months to its trade customers.

The aging analysis of trade receivables is as follows:

	(Unaudited) As at 30 June 2004	(Audited) As at 31 December 2003
	<i>S\$'000</i>	<i>S\$'000</i>
0 to 3 months	12,294	11,692
3 to 6 months	3,462	13,048
6 to 9 months	12,762	12,933
9 to 12 months	—	—
Over 12 months	—	—
	<hr/>	<hr/>
	28,518	37,673
Less: Provision for doubtful debts	(587)	(586)
	<hr/>	<hr/>
	27,931	37,087
	<hr/> <hr/>	<hr/> <hr/>

9. Trade payables

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2004 S\$'000	(Audited) As at 31 December 2003 S\$'000
0 to 1 month	367	566
1 to 6 months	205	1,978
6 to 12 months	—	—
1 to 2 years	1,292	4,547
Over 2 years	319	355
	<u>2,183</u>	<u>7,446</u>

10. Commitments

a. Operating lease commitments

As at 30 June 2004, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:-

	(Unaudited) As at 30 June 2004 S\$'000	(Audited) As at 31 December 2003 S\$'000
– Within 1 year	160	226
– After 1 year but within 5 years	12	75
– After 5 years	—	—
	<u>172</u>	<u>301</u>

b. Contingent liabilities

As at 30 June 2004, contingent liabilities not provided for are analysed as follows:-

The Group as the principal licensee of the “Hertz” system of the car rental business (the “Car Rental Business”), has given corporate guarantees to Hertz International Ltd., the principal of the Car Rental Business, guaranteeing the performance and timely payment by the three car rental sub-licensees of all amounts payable under the respective sub-licensee agreements to Hertz International Ltd. These car rental sub-licensees are subsidiaries of NAGC.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In view of the overheating of the PRC economy, the PRC government implemented austerity economic measures to cool down the dramatic but unhealthy economic growth. Such measures aimed at reducing the excessive increment of fixed assets investment and bank borrowings and resulting a soft landing of the economy.

The financing of motor vehicles was one of the areas covered by the austerity measures. The tightening of financing shrank the demand for motor vehicles. On other hand, the increase of production volume in the secondary industry required inputs of large amounts of raw materials, including steel, copper, oil, etc. The large amount of inputs led to the shortage and price increase. The price of oil affected the cost of driving a car and the demand for motor vehicles. The imbalance of demand for and supply of motor vehicles affected the profit margin of distribution of motor vehicles.

Nonetheless, the PRC government imposed the measures to prevent economic bubbles. The elimination of import quotas and further cut of import tariffs will be the factors contributing to the increase in demand of imported motor vehicles. It was evidenced by the increase in turnover generated from sales of motor vehicles.

FINANCIAL REVIEW

Turnover

Turnover for the Interim Period rose by approximately 9.1% to approximately S\$63,679,000, as compared to the corresponding period in 2003. The increase was mainly attributed by the increase of sales of motor vehicles. For the Interim Period, the sales of motor vehicles increased by approximately 10.6%, while the turnover generated from servicing of motor vehicles and sales of auto parts and management fee income recorded decreases.

Gross Profit

The gross profit for the Interim Period was approximately S\$6,293,000, an increase of approximately 0.9% as compared to the corresponding period in 2003. The gross profit margin for the Interim Period was approximately 9.9%, a decrease of approximately 0.8% as compared to approximately 10.7% of the corresponding period in 2003. The decrease was mainly due to the imbalance of demand and supply of motor vehicles in the PRC market. The selling price of the motor vehicles was thus reduced to deal with the market situation.

Other Operating Expenses

For the Interim Period, the other operating expenses were approximately S\$2,430,000, representing an increase of approximately 5.7%, as compared to the corresponding period in 2003. The increase was mainly due to the increase in operating cost of the car rental business in Hong Kong. The car rental business was steadily expanded both in terms of the size of car fleet and service counters.

Profit Attributable to Shareholders

The profit attributable to shareholders for the Interim Period amounted to approximately S\$1,445,000, representing a decrease of approximately 12.8%, as compared to the corresponding period in 2003. There recorded a loss attributable to shareholders for the three months ended 30 June 2004 of approximately S\$305,000.

Taxation

GAL, a wholly-owned subsidiary of the Company, is an enterprise operating in Hong Kong. Hong Kong profits tax has been provided for both of the six months ended 30 June 2004 and 2003 at a rate of 17.5%.

GAPL, a wholly-owned subsidiary of the Company, is an enterprise operating in Singapore. Singapore income tax at a rate of 22% has been provided for both of the six months ended 30 June 2004 and 2003.

Xiamen BMW Automobiles Services Co., Ltd. ("Xiamen BMW"), a co-operative joint venture enterprise established and operating in the Xiamen Special Economic Zone of the PRC since 8 January 1994 was subject to the PRC enterprise income tax at a rate of 15%. Xiamen BMW Automobiles Service Co., Ltd. had been granted by the PRC tax bureau an exemption from tax for the first two profit-making years and a reduction of 50% income tax for the following three consecutive years. No income tax has been provided for the six months ended 30 June 2004 as the Company sustained a tax loss for the period.

Xiamen BMW is also subject to value-added tax ("VAT") at 17% of revenue from fixed price contracts, city and county maintenance tax at 3.5% of the amount of VAT levied and social welfare surcharge at 1.5% of the amount VAT levied.

In addition, the Group's employees in the PRC are subject to individual income tax. The Group is obliged to withhold individual income tax from employee's payrolls for payment to the PRC Tax Bureau.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2004, shareholders' fund of the Group amounted to approximately S\$24,922,000 (*31 December 2003: S\$23,313,000*). Current assets amounted to approximately S\$66,076,000 (*31 December 2003: S\$70,781,000*). Of which, approximately S\$10,971,000 (*31 December 2003: S\$9,584,000*) were cash and bank deposits. Current liabilities, amounted to approximately S\$57,338,000 (*31 December 2003: S\$61,341,000*), were mainly the trade payables, bills payables, bank loans, accruals and other payables, bank overdrafts and obligations under finance leases. The Group had non-current liabilities amounted to approximately S\$755,000 (*31 December 2003: S\$2,721,000*). The net asset value per share as at 30 June 2004 was approximately S\$0.062 (*31 December 2003: S\$0.058*).

GEARING RATIO

The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 30 June 2004, the gearing ratio of the Group was 0.49 (*31 December 2003: S\$0.52*).

EXPOSURE TO THE FLUCTUATIONS IN EXCHANGE RATE

For the Interim Period, the exchange gain of the Group amounted to approximately S\$100,000, whereas exchange gain amounted to approximately S\$243,000 was recorded for the six months ended 30 June 2003. The exchange gain was mainly resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

CONTINGENT LIABILITIES

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 car rental sub-licensees of all amounts payable under the respective sub-licensee agreements to Hertz International Ltd. These car rental sub-licensees are subsidiaries of NAGC.

CHARGES ON GROUP ASSETS

As at 30 June 2004, the Group pledged time deposits of approximately S\$6,431,000 (*31 December 2003: S\$7,553,000*) and charged plant and machinery of approximately S\$140,000 (*31 December 2003: S\$140,000*) to several banks for banking facilities for the Group and to secure guarantees given by the bank to Hertz International Ltd., the principal of the “Hertz” system of the Car Rental Business.

As at 30 June 2004, the Group mortgaged the property and land and building with net book value of approximately S\$819,000 to a bank to secure a mortgage loan (*31 December 2003: S\$1,169,000 to banks to secure 2 mortgage loans*).

EMPLOYEE INFORMATION

As at 30 June 2004, the total number of employee of the Group was 86. For the Interim Period, the staff costs including directors’ remuneration of the Group amounted to approximately 1.4% of the turnover of the Group and decrease of approximately S\$133,000 as compared to the corresponding period in 2003. It is the Group policy to review its employee’s pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

RETIREMENT BENEFITS

During the Interim Period and the six months ended 30 June 2004, the aggregate amount of the employer’s contribution of the Group under Central Provident Fund in Singapore and Mandatory Provident Fund in Hong Kong amounted to approximately S\$44,000 and S\$56,000 in aggregate respectively.

As at 30 June 2004 and 2003, there was no material forfeited contribution available to reduce the employer’s contribution payable in future periods.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2004 (*six months ended 30 June 2003: Nil*).

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SPONSORS INTERESTS

Pursuant to the sponsor agreement dated 10 June 2002, between the Company and Celestial Capital Limited ("CASH"), CASH will be retained as sponsor of the Company for the purpose of Chapter 6 of the GEM Listing Rule for the period from 17 June 2002 (being the listing date) to 31 December 2004.

As at 30 June 2004, an associate of CASH held 7,384,000 shares of the Company. Saved as disclosed above, none of CASH, its directors, employees or associates had any shareholding interest in the securities of the Company or any member of the Group nor have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for the securities of the Company or any member of the Group as at 30 June 2004.

COMPLIANCE WITH RULE 5.35 TO 5.45 OF THE GEM LISTING RULES

During the Interim Period, none of the Directors of the Company is aware of any information that would reasonable indicate that the Company or any of its subsidiaries is not in compliance with the standards of good practice concerning the general management responsibilities of the Board as set out in Rules 5.35 to 5.45 of the GEM Listing Rules.

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 Interim Period.

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Chan Hing Ka Anthony, Mr. Loh Nee Peng and Mr. Xu Ming. Independent non-executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei.

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

Hong Kong, 12 August 2004

As at the date of this announcement, the Executive Directors are Mr. Chan Hing Ka Anthony, Mr. Loh Nee Peng, and Mr. Xu Ming. The Independent non-executive Directors are Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei.