

FINANCIAL SUMMARY

The Group's turnover for the six months ended 30 June 2001 was about HK\$589,334,000, representing a double digit increase of about 79.9% compared to the same period of 2000. The turnover of the trading of motor vehicles increased by about 174.5% compared to that of 2000 and reached around HK\$401,915,000. The second major revenue source of the Group was the manufacturing and assembly of motor vehicles which registered a turnover of around HK\$91,403,000, representing an increase of about 73.0% compared to that of 2000. The order on hand of the Group for the business of the manufacturing and assembly of motor vehicles was about RMB31,050,000 (equivalent to HK\$29,019,000) and the trading of motor vehicles was about RMB13,841,000 (equivalent to HK\$12,936,000) as at 30 June 2001.

The total bank loans and other loans of the Group decreased by around HK\$20,254,000 during the six-month period and reached HK\$108,019,000 from the balance of HK\$128,273,000 as at 31 December 2000. The ratio of bank borrowings and other loans relative to total equity decreased to only 5.0% as at 30 June 2001 from 7.2% as at 31 December 2000. The ratio of total liabilities (including minority interests) relative to total equity was decreased to 19.6% from the ratio of 22.7% as at 31 December 2000.

The Group's bank borrowings were secured by land and buildings and investment properties with a total net book value of HK\$37,071,000 and bank balance of HK\$76,894,000. At 30 June 2001, the Group had contingent liabilities of about HK\$2,804,000 which mainly represented guarantees for bank loans borrowed by a non-consolidated subsidiary.

As at 30 June 2001, the Group had cash and cash equivalents of about HK\$746,897,000, including pledged bank balance of HK\$76,894,000. This had included the cash outflow from operating activities of around HK\$7,910,000 and the major cash outflows were due to the investment in 51% stake in GZ Honda Sales and repayment of loans.

During the first six-month period in 2001, general and administrative expenses for the Group were around HK\$44,173,000, representing a slight decrease of about 0.5% compared to the same period of 2000. These expenses were tightly controlled such that the rate of increase of sales was impropportionately larger than that of these expenses. Finance costs greatly reduced by around 41.6%, the interest cover further reached a recorded high level of 93.0 multiples from the high level of 23.9 in the same period of 2000. The Group did not experience significant exchange rate fluctuation in terms of Renminbi, the major operating currency of the Group during the first six-month period in 2001.

The Group's share of net profits of non-consolidated subsidiaries was around HK\$696,000, representing an increase compared to the same period of 2000. However, share of loss of associated companies severed a loss and reached around HK\$3,753,000.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2001, the Group employed approximately 2,900 (2000: 2,400) staff in the PRC and Hong Kong.

The remuneration package adopted by the Group includes discretionary bonus and share options being granted to eligible staff based on the Group's performance and individual performance. Staff training and development programs are conducted by the Group on a regular basis.