G.A. HOLDINGS LIMITED

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

Interim Report

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

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 2003 (the "Interim Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2003

		(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
		2003	**2002**	**2003**	**2002**
	Notes	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Turnover	*3*	33,572	31,882	58,349	41,182
Cost of sales		(30,491)	(27,356)	(52,111)	(34,521)
Gross profit		3,081	4,526	6,238	6,661
Other revenue	*3*	94	24	179	41
Other income		47	479	56	478
Staff costs		(508)	(453)	(1,009)	(927)
Depreciation and amortization		(200)	(108)	(390)	(201)
Minimum lease payments for operating expenses		(104)	(120)	(217)	(211)
Exchange gain/(loss), net		37	(88)	243	(32)
Other operating expenses		(1,326)	(1,142)	(2,298)	(1,951)
Profit from operations		1,121	3,118	2,802	3,858
Finance costs, net	*4*	(400)	(845)	(724)	(1,062)
Profit before taxation	*4*	721	2,273	2,078	2,796
Taxation	*5*	(134)	(368)	(433)	(515)
Profit after taxation but before minority interests		587	1,905	1,645	2,281
Minority interests		5	1	12	3
Profit attributable to shareholders		592	1,906	1,657	2,284
Earnings per share	*6*				
– Basic (cents)		0.15	0.58	0.41	0.70

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June, 2003

	Notes	(Unaudited) As at 30 June 2003 S$'000	(Audited) As at 31 December 2002 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,327	5,239
Prepaid rental expenses		8,842	8,904
Total non-current assets		14,169	14,143
Current assets			
Inventories		959	846
Trade receivables, net	8	46,053	39,275
Bills receivables		3,056	—
Prepayment, deposits and other current assets		3,420	2,888
Due from related companies		710	565
Pledged bank deposits		8,406	7,836
Bank balances and cash		6,513	5,486
Total current assets		69,117	56,896
Current liabilities			
Trade payables	9	(6,262)	(8,047)
Accruals and other payables		(3,566)	(3,332)
Bank overdraft, secured		(1,448)	(296)
Bills payable to banks, secured		(38,987)	(28,413)
Secured bank loans – current portion		(4,053)	(4,145)
Obligations under finance leases – current portion		(291)	(210)
Due to related companies		(475)	(551)
Due to directors		(671)	(251)
Taxation		(4,370)	(4,273)
Total current liabilities		(60,123)	(49,518)
Net current assets		8,994	7,378
Total assets less current liabilities		23,163	21,521
Non-current liabilities			
Secured bank loans – non-current portion		(409)	(453)
Obligations under finance leases – non-current portion		(401)	(364)
Total non-current liabilities		(810)	(817)
Minority interests		(477)	(497)
NET ASSETS		21,876	20,207
CAPITAL AND RESERVES			
Issued capital		9,040	9,040
Reserves		12,836	11,167
		21,876	20,207

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Issued capital	Share premium	Capital reserve	Translation reserve	Accumulated profits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
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	—	—	—	—	1,657	1,657
As at 30 June 2003	9,040	4,006	1,689	(55)	7,196	21,876
As at 1 January 2002	7,232	—	1,689	80	2,690	11,691
Net gains/losses not recognised in income statement						
Translation difference	—	—	—	(189)	—	(189)
Issue of share capital	1,808	7,232	—	—	—	9,040
Placing expenses	—	(2,811)	—	—	—	(2,811)
Shared by minority shareholder	—	—	—	—	—	—
Profit for the period	—	—	—	—	2,284	2,284
As at 30 June 2002	9,040	4,421	1,689	(109)	4,974	20,015

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2003

	(Unaudited) six months ended 30 June 2003 *S$'000*	(Unaudited) six months ended 30 June 2002 *S$'000*
Net cash inflow from operating activities	935	88
Net cash (outflow)/inflow from investment activities	(1,042)	933
Net cash (outflow)/inflow from financing activities	(18)	6,914
Net (decrease)/increase in cash and cash equivalents	(125)	7,935
Cash and cash equivalents, beginning of period	5,190	1,459
Cash and cash equivalents, end of period	5,065	9,394
Analysis of cash and cash equivalents		
Bank balances and cash	6,513	11,199
Bank overdrafts	(1,448)	(1,805)
	5,065	9,394
Major non-cash transaction		
Inception of finance leases	216	279

Notes:

1. Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice 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 Policy

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 2002, except that the Group has changed its accounting policy following its adoption of SSAP 12 (revised) "Income taxes". The changes to the Group's accounting policy is as follows:

Deferred taxation is provided using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on fixed assets, revaluations of certain non-current assets, provision for pensions, tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Before the adoption of revised SSAP 12, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future.

3. Turnover and other revenue

The Company is an investment holding company. Its subsidiaries are principally engaged in (1) distribution of automobiles, (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 30 June		(Unaudited) six months ended 30 June	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Sales of motor vehicles	31,703	27,120	53,278	34,395
Servicing of motor vehicles and sales of auto parts	706	2,956	2,651	3,654
Technical fee income	895	1,348	1,826	2,675
Management fee income	268	458	594	458
	33,572	31,882	58,349	41,182
Other revenue				
Rental income	94	24	179	41
Total revenue	33,666	31,906	58,528	41,223

Turnover by geographic location was as follows:

	three months ended 30 June		six months ended 30 June	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Hong Kong	20,095	16,099	35,787	20,660
PRC	13,477	15,783	22,562	20,522
	33,572	31,882	58,349	41,182

The Group is organised on a world wide 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. to German Automobiles Limited (i.e. intra-group).

For the six months ended 30 June 2003:

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

For the six months ended 30 June 2002:

	Activity 1	Activity 2	Activity 3	Activity 4	Elimination	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Turnover	37,070	3,654	458	1,036	(1,036)	41,182
Segment results	2,934	921	3	—	—	3,858

4. Profit before taxation

Profit before taxation is determined after charging (crediting):

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
(a) **Finance costs, net**				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	378	848	681	1,075
Interest on other loans	32	19	62	31
Finance charges on obligations under finances leases	7	2	13	2
	417	869	756	1,108
Interest income	(17)	(24)	(32)	(46)
	400	845	724	1,062

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
(b) **Staff costs**				
Contributions to defined contribution plans	25	24	56	51
Salaries, wages and other benefits	483	429	953	876
	508	453	1,009	927
(c) **Other items**				
Depreciation of property, plant and equipment:				
Assets held for use under operating leases	44	13	82	14
Other assets	135	75	267	146
Amortisation of prepaid rental expenses	21	20	41	41

5. Taxation

The charge comprises:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Hong Kong profit tax	170	100	281	105
Overseas taxation (overprovision in prior period/current period provision)	(36)	268	152	410
	134	368	433	515

6. Earnings per share

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.

The calculation of basic earnings per share for the three months ended 30 June 2002 was based on the unaudited consolidated profit attributable to shareholders of approximately S$1,906,000 and on the weighted average of 331,428,571 ordinary shares in issue during the three months ended 30 June 2002.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2003 and 2002.

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.

The calculation of basic earnings per share for the six months ended 30 June 2002 was based on the unaudited consolidated profit attributable to shareholders of approximately S$2,284,000 and on the weighted average of 325,745,856 ordinary shares in issue during the six months ended 30 June 2002.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2003 and 2002.

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 2003 and 2002 are as follows:

	(Unaudited) three months ended 30 June		**(Unaudited) six months ended 30 June**	
	2003	**2002**	**2003**	**2002**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Income Continuing				
Rental income from related companies *(note a)*	5	5	10	10
Expenses Continuing:				
Rental expenses to related companies *(note b)*	13	32	26	64

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 2003, Octavus Properties Pte Ltd. is 100% owned by Mr. Chan Hing Ka, Anthony, a director and shareholder of the Company; Eng Kheng (S) Pte Ltd. is 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 2003. Atland Properties Pte Ltd. is 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. is 5% owned by Mr. Loh Kim Her, a director and shareholder of the Company and 95% owned by his family member.

In addition to the transactions/information disclosed above, during the period, the Group had the following transactions with related parties.

(a) the Group had received management fee income of S$594,000 *(2002: S$458,000)* and S$268,000 *(2002: S$458,000)* for six months and three months ended 30 June 2003 respectively from three related companies engaging in the car rental business for provision of management services. The three companies are related as they are subject to significant influence by a director of the Company through his directorship in their holding company, CNA Anhua (Hertz). CNA Anhua (Hertz) is a wholly owned subsidiary of NAGC, a major customer and business partner of the Group.

    At the balance sheet date, the Group had the following exposure to NAGC, its subsidiaries and related companies.

    (i) Prepaid rental expenses of S$8,925,000 *(31 December 2002: S$8,986,000)*. Two directors of the Company have undertaken to indemnify the Group against all losses in the event that NAGC fails to obtain the appropriate title certificate or to repay or refund the Group.

    (ii) Amount due from CNA Anhua (Hertz) of S$640,000 *(31 December 2002: S$505,000)*.

    (iii) Certain fixed deposits of the Group were pledged to a bank to secure banking facilities of up to approximately S$7,461,000 *(31 December 2002: S$7,446,000)* granted to a related company of NAGC.

    (iv) Contingent liabilities arising from the transactions as disclosed in note 10(b) to the interim report.

    (v) Included in "Prepayments, deposits and other current assets" is an amount of S$Nil *(31 December 2002: S$1,806,000)* relating to advance ultimately to be used by the three car rental sub-licensees.

(b) A director of the Company has pledged a personal fixed deposit of S$375,000 *(31 December 2002: S$375,000)* in respect of account payable by the Group to a supplier of auto parts.

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 2003 *S$'000*	(Audited) As at 31 December 2002 *S$'000*
0 to 3 months	20,102	20,525
3 to 6 months	14,498	11,333
6 to 9 months	11,792	7,756
9 to 12 months	—	—
Over 12 months	—	—
	46,392	39,614
Less: Provision for doubtful debts	(339)	(339)
	46,053	39,275

9. Trade payables

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2003 *S$'000*	(Audited) As at 31 December 2002 *S$'000*
0 to 1 month	320	1,881
1 to 6 months	5,416	5,556
6 to 12 months	—	139
1 to 2 years	57	—
Over 2 years	469	471
	6,262	8,047

10. Commitments

a. Operating lease commitments

As at 30 June 2003, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	(Unaudited) As at 30 June 2003 *S$'000*	(Audited) As at 31 December 2002 *S$'000*
– Within 1 year	501	340
– After 1 year but within 5 years	717	645
– After 5 years	244	490
	1,462	1,475

b. Contingent liabilities

As at 30 June 2003, contingent liabilities not provided for are analysed as follows:-

	(Unaudited) As at 30 June 2003 *S$'000*	(Audited) As at 31 December 2002 *S$'000*
(a) Guarantees provided to a bank in respect of banking facilities granted to a related company of NAGC	7,461	7,446

Fixed deposits of approximately S$1,788,000 *(31 December 2002: S$1,788,000)* were pledged to secure these banking facilities as at 30 June 2003. The bank agreed unconditionally to release the Company as corporate guarantor from the above guarantees, and the legal procedures are in progress.

(b) 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 subject to significant influence by a director of the Company and are subsidiaries of NAGC.

MANAGEMENT DISCUSSION AND ANALYSIS

Severe Acute Respiratory Syndrome ("SARS") impact

The outbreak of SARS from March to June of 2003 has slowed down the general economy in the PRC and Hong Kong. Though the turnover of the Group in the Interim Period of the 2003 increased as compared with the correspondent period in 2002, the increase in turnover of the Group slowed down when compared with the first and second quarter of the year 2003 and 2002.

BUSINESS REVIEW

The Group engages in the car-related business including distributing of imported cars; provision of pre-sales and after-sales services; provision of technical service and management of car rental business. In June 2003, German Automobiles Limited ("GAL"), a wholly-owned subsidiary of the Company, was appointed as the licensee of Hertz car rental business in Hong Kong for five years with effective from 1 July 2003.

Prior to the appointment of Hertz International Limited as the licensee of Hertz car rental business, GAL had operated a small fleet to trial run the car rental business. At the end of the Interim Period, GAL operated a car rental fleet of 21 cars in Hong Kong. The total investment amount for the fleet was S$895,000. Since the operation of the car rental services in Hong Kong was in the infant stage, a loss of S$280,000 was incurred for the Interim Period. The car rental business in Hong Kong was officially launched on 1 July 2003. Since the Directors believed that the influence of SARS outbreaks will not be recovered and the slackening demand in Hong Kong will not be rejuvenated shortly, the investment on car rental business in Hong Kong will depend on the market responses.

The Group was still one of the beneficiaries of the PRC's entry of WTO. The deregulation of imports and exports in the PRC led to the increasing sales volume of imported cars in the PRC. The number of imported cars sold by the Group in the Interim Period was increased by 22.3%, comparing with the correspondent period of 2002. The sales revenue generated from car distribution for the Interim Period was approximately S$53,278,000, representing an increase of approximately 54.9% as compared with that of the correspondent period of 2002.

The Group has built a service centre in Haichang in the Xiamen Special Economic Zone, which will be the re-location site for the existing Xiamen service centre. The "certificate of completion" of the Haichang service centre has not been obtained from the relevant government authorities in the PRC. The relocation will take place once the approval is obtained. The Directors expected the approval may be obtained in October 2003.

FINANCIAL REVIEW

Turnover

The unaudited consolidated turnover of the Group for the three months ended 30 June 2003 was approximately S$33,572,000, representing an increase of 5.3% over the same quarter of the year 2002.

The unaudited consolidated turnover of the Group for the Interim Period was approximately S$58,349,000, representing an increase of 41.7% over the correspondent period of 2002. The increase mainly due to the increase in distribution of motor vehicles during the period. Turnover generated from sales of motor vehicles increased from approximately S$34,395,000 to approximately S$53,278,000 in the Interim Period.

Though there was an increase in turnover of sales of motor vehicles in the Interim Period of the year 2003 as compared with 2002, the increase in turnover of sales of motor vehicles slowed down in 2003 when compared with the first and second quarter of the year 2003 and 2002. The increment has been reduced from 196.6% in 2002 to 16.9% in 2003.

Gross Profit

The gross profit for the Interim Period was approximately S$6,238,000, a decrease of approximately 6.4% as compared to S$6,661,000 of the correspondent period of 2002. The gross profit margin for the Interim Period was approximately 10.7%, a decrease of approximately 5.5% as compared to 16.2% of the correspondent period of 2002. The decrease was mainly due to a lower price strategy adopted by the Group in the sale of motor vehicles.

Other Operating Expenses

For the Interim Period, the other operating expenses were approximately S$2,298,000, representing an increase of 17.8% as compared with the correspondent period in 2002. The increase was mainly due to the increase in transport and travelling, entertainment and legal and professional expenses dealing with customers and drafting out contracts during the period. There was a realized and unrealized exchange gain of S$243,000 during the Interim Period. These exchange gain resulted from the translation of accounts receivables, account payables and inter-company balances from Euro and US dollars to Singapore dollars.

Profit Attributable to Shareholders

The profit attributable to shareholders for the Interim Period amounted to S$1,657,000 *(2002: S$2,284,000)*, representing a decrease of approximately 27.5% compared to the correspondent period of 2002.

Taxation

GAL, a wholly-owned subsidiary of the Company, is an enterprise operating in Hong Kong. Hong Kong profits tax has been provided for each of the six months ended 30 June 2003 and 2002 at a rate of 17.5% and 16% respectively.

German Automobiles Pte Ltd., a wholly-owned subsidiary of the Company, is an enterprise operating in Singapore. Singapore income tax at a rate of 22% has been provided each of the six months ended 30 June 2003 and 2002 respectively.

Xiamen BMW Automobiles Services Co., Ltd., 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. 2002 was the first profit-making year of the joint venture enterprise. Accordingly, no income tax has been provided for the six months ended 30 June 2003.

Xiamen BMW Automobiles Services Co., Ltd. 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.

BUSINESS PROSPECT

The Directors believed the automotive business is and will be one of the pillar industries of the PRC. The PRC government will put extra efforts to synchronise the pace of the automotive business development. Thus, the demand of cars will be strong and substantial growth is expected. However, the Directors foresee the market will be more competitive following the deregulation of the import barriers.

The car rental business introduced in Hong Kong mainly targets the expatriates and local staff of multinational corporations. The Directors recognised that those multinational corporations tended to rent, rather than acquire cars for their employees as a kind of employee benefit. This can lower their cost of operating and maintaining the cars and also can provide more choices of cars for their employees. The Directors believed that this phenomenon implies room for car rental business development in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflows and banking facilities provided by its principal bankers in Singapore.

As at 30 June 2003, the Group had banking facilities of approximately S$56,525,000 *(31 December 2002: S$46,367,000)*. Such banking facilities were utilized to the extent of approximately S$44,897,000 *(31 December 2002: S$33,307,000)* as at 30 June 2003, of which approximately S$44,488,000 *(31 December 2002: S$32,854,000)* were repayable within one year and approximately S$409,000 were repayable after one year *(31 December 2002: S$453,000)*.

The shareholders' equity of the Group as at 30 June 2003 increased by approximately 8.3% to approximately S$21,876,000 *(31 December 2002: S$20,207,000)*. The gearing ratio (calculated as the ratio of bank borrowing and long-term debts over total assets) of the Group as at 30 June 2003 was 0.54 *(31 December 2002: 0.47)*.

EMPLOYEE INFORMATION

As at 30 June, 2003, the total number of employees of the Group was 72. For the Interim Period, the staff costs including directors' remuneration of the Group represented approximately 1.7% of the turnover of the Group and increase of approximately S$82,000 or approximately 8.8% as compared to that of the correspondent period of 2002. It is the Group's 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 2002, 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$56,000 and S$51,000 in aggregate respectively.

As at 30 June 2003 and 2002, there was no material forfeited contribution available to reduce the employer's contribution payable in future periods.

CAPITAL STRUCTURE OF THE GROUP IN DEBT SECURITIES

During the Interim Period, the Group had no debt securities in issue and it was the same for the correspondent period ended 30 June 2002.

MATERIALS ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Interim Period, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies and it was the same for the correspondent period ended 30 June 2002.

CHARGES ON GROUP ASSETS

As at 30 June 2003, the Group pledged time deposits of approximately S$8,634,000 *(31 December 2002: S$7,836,000)* 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 Ltd., the principal of the "Hertz" system of the Car Rental Business.

As at 30 June 2003, the Group mortgaged the property and land and building with net book value of approximately S$832,000 *(31 December 2002: S$839,000)*, S$345,000 *(31 December 2002: S$348,000)* and S$3,527,000 *(31 December 2002: Nil)* respectively to banks to secure 3 banking and credit facilities.

MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2003, the Group had no future plans for material investment and purchase of capital assets except the details set out in the section headed "Statement of business objectives" in the prospectus of the Company dated 10 June 2002 (the "Prospectus").

EXPOSURE TO THE FLUCTUATIONS IN EXCHANGE RATE

For the Interim Period, the exchange gain of the Group amounted to approximately S$243,000, whereas exchange loss amounted to approximately S$32,000 was recorded for the six months ended 30 June 2002. The exchange gain was mainly resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro, US dollars to Singapore dollars and the transactions of imports and exports bills denominated in Euro and US dollars.

CONTINGENT LIABILITIES

As at 30 June 2003, the Group provided a bank guarantee of approximately S$7,461,000 *(31 December 2002: S$7,446,000)* to a bank in respect of banking facilities to Beijing China National Automotive Auhua Spare Parts Ltd., which is a related company to 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 car rental sub-licensees of all amounts payable under the respective sub-licensees agreements to Hertz International Ltd. These car rental sub-licensees are subject to significant influence by a company's director and are subsidiaries of NAGC.

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL RESULTS

Business Objectives *(as stated in the Prospectus)*	Actual Business Progress *(up to 30 June 2003)*
1. Expansion of Distribution Network	
— To establish a service centre and distribution offices for distributing the Group's product in Fuzhou Municipality, in Fujian Province through joint venture(s)	— The layout plan of the Fuzhou service centre has been forwarded to the headquarters of BMW AG – in Germany, the Group's principal of BMW passenger vehicles distributing business, for their approval. The Directors expect such approval can be obtained from the principal in the 4th quarter this year. The Company will appoint architects and designers upon BMW's approval.
— To acquire machinery, equipment and renovate for the service centre in Fuzhou Municipality and renovation	— The acquisition of machinery and equipment will be postponed since the layout plan of the service centre in Fuzhou has not been approved by BMW AG. The Directors expect that the acquisition will be made after the completion of the service centre in early 2004.
2. Enhancement of after-sales service	
— To relocate and renovate the existing service centres and workshops in Xiamen into a 3-in-1 complex building which includes an office, a workshop and a service centre with advanced computer systems and engineering equipment	— The Directors expect to relocate the existing service centres and workshops in Xiamen to the new site in Haichang, Xiamen in October 2003 once the "certificate of completion" is obtained from the relevant government authorities in the PRC.
— To establish a service centre in Fuzhou to enhance the after-sales service in the authorised region	— The Company has applied for the entitlement of the land for the service centre in Fuzhou, and such application is still in progress.
— To enhance the service package in GA Privilege Club	— The Directors decided to enhance the existing privilege package to customers in October 2003 upon the relocation of the service centre to the new site in Haichang, Xiamen.

Business Objectives *(as stated in the Prospectus)*	**Actual Business Progress** *(up to 30 June 2003)*
— To equip the service centre with advanced computer systems and engineering equipment	— The Directors will acquire and install advanced computer systems once the service centre is relocated to Haichang, Xiamen.

3. Management of Car Rental Business in the PRC

— To launch value-added service packages	— The car rental sub-licencees launched several programs to the customers in order to enhance their satisfaction and simplify the rental process including Corporate Plus Program, Global Traveler Program and Make a Leap.
— To enhance the technical expertise to the sub-licensees by establishing service centre in Guangdong Province	— The management has made frequent visits to monitor the operation of the car rental sub-licensees. The establishment of the service centre in Guangdong Province has been abandoned since the Group diverted the investment to enhance the scale of the new service centre in Haichang, Xiamen. The Directors believed that such move will be more beneficial to the Group as that service centre is crucial in BMW distribution business in the authorized region.

4. Sales and Marketing

— To form alliance with travel agents and airline companies for promotion of the Group's corporate image and its car rental services	— The Company has approached several travel agents and foreign corporations for allied promotion of the car rental business.

USE OF PROCEEDS

As at 30 June, 2003, the net proceeds from the public listing have been applied as follows:

	Budgeted amount disclosed in the Prospectus		Actual amount used up to 30 June 2003	
	S$ million	*HK$ million*	*S$ million*	*HK$ million*
Expansion of distribution network	2.36	11.00	—	—
Enhancement of after sales service	1.08	5.00	0.38	1.68
Provision of financial assistance to car rental business in the PRC	1.29	6.00	0.70	3.10
Sales and marketing	0.43	2.00	0.43	1.90
Establishing joint venture(s)	0.43	2.00	—	—
Working capital	0.22	1.00	0.22	1.00
Total	5.81	27.00	1.73	7.68

Note: The unused proceeds will be placed on interest-bearing deposits with licensed banks and other financial institutions in Hong Kong and Singapore.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2003 *(six months ended 30 June 2002: Nil)*.

INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO")

Directors' and chief executives' interests in shares, underlying shares and debentures

As at 30 June 2003, the interests of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

	Number of ordinary shares beneficially held				
Name of Director	Personal interest	Family interest	Corporate interest	Total	Percentage of interests
Loh Kim Her	—	—	106,432,000 *(Note 1)*	106,432,000	26.61%
Chan Hing Ka, Anthony	—	—	106,432,000 *(Note 2)*	106,432,000	26.61%
Loh Nee Peng	—	—	106,432,000 *(Note 3)*	106,432,000	26.61%

Notes:

1. Mr. Loh Kim Her is beneficially interested in 100%, 18.94% and 15% in the respective entire issued share capitals of Affluence Investment International Limited, L & B Holdings Pte Ltd. and Loh & Loh Construction Group Ltd. The Company is owned as to 4%, 4% and 18.61% by Affluence Investment International Limited, L & B Holdings Pte Ltd. and Loh & Loh Construction Group Ltd. respectively.

   Accordingly, Mr. Loh Kim Her has an effective interest of approximately 7.55% and a deemed interest of approximately 26.61% in the Company.

2. Mr. Chan Hing Ka, Anthony is beneficially interested in 100% and 49% in the respective entire issued share capitals of Tycoons Investment International and Loh & Loh Construction Group Ltd. The Company is owned as to 8% and 18.61% by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd. respectively.

   Accordingly, Mr. Anthony Chan has an effective interest of approximately 17.12% and a deemed interest of approximately 26.61% in the Company.

3. Mr. Loh Nee Peng is beneficially interested in 100% and 15% in the respective issued share capitals of Big Reap Investment Limited and Loh & Loh Construction Group Limited. The Company is owned as to 8% and 18.61% by Big Reap Investment Limited and Loh & Loh Construction Group Ltd. respectively

   Accordingly, Mr. Loh Nee Peng has an effective interest of approximately 10.79% and a deemed interest of approximately 26.61% in the Company.

Save as disclosed above, as at 30 June 2003, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 of the GEM Listing Rules. During the Interim Period, there were no debt securities issued by the Group.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 30 June 2003, the following persons (other than the Directors and the chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were set out as below:

Long positions in shares of the Company

Substantial Shareholders	Capacity	Nature of interest	Number of shares held	Percentage of interests
Tycoons Investment International Limited *(Note 1)*	Beneficial Owner	Corporate	32,000,000	8.00%
Big Reap Investment Limited *(Note 2)*	Beneficial Owner	Corporate	32,000,000	8.00%
Loh & Loh Construction Group Ltd. *(Note 3)*	Beneficial Owner	Corporate	74,432,000	18.61%
Comfort Group Limited *(Note 4)*	Interest of a controlled corporation	Corporate	61,667,570	15.42%
Comfort (China) Pte Ltd. *(Note 4)*	Beneficial Owner	Corporate	61,667,570	15.42%
PHEIM Asset Management (Asia) Pte Ltd.	Beneficial Owner	Corporate	42,330,000	10.58%
HSBC Trustee (Singapore) Limited	Investment Manager	Corporate	30,158,000	7.54%

Notes:

1. Tycoons Investment International Limited has an effective interest of approximately 8% of the Company and is owned as to 100% by Mr. Chan Hing Ka, Anthony

2. Big Reap Investment Limited has an effective interest of approximately 8% of the Company and is owned as to 100% by Mr. Loh Nee Peng.

3. Loh & Loh Construction Group Limited has an effective interest of approximately 18.61% of the Company and is owned as to 49%, 15% and 15% by Mr. Chan Hing Ka, Anthony, Mr. Loh Kim Her and Mr. Loh Nee Peng respectively. The remaining of 21% is owned by Mr. Loh Boon Cha, the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.

4. Comfort (China) Pte Ltd. has an effective interest of approximately 15.42% in the Company. Comfort (China) Pte Ltd. is a wholly-owned subsidiary of Comfort Group Limited. Accordingly, Comfort Group Limited has an effective and a deemed interests of approximately 15.42% in the Company.

As at disclosed above, as at 30 June 2003, the Company had not been notified of any other person (other than Directors or the chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying right to vote in all circumstances at general meetings of any other members of the Group.

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

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.

SHARE OPTION SCHEME

During the six months ended 30 June 2003, the Company has not adopted any share option scheme, nor does it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

ADVANCES TO ENTITIES

Pursuant to the Rules 17.15, 17.17 and 17.22, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 25% of the Group's net tangible assets. As at 30 June 2003, the total advancement, guarantees and receivables provided to and due from NAGC, its subsidiaries and related companies in the PRC (collectively the "NAGC Group") are in aggregate of approximately S$22,718,000 *(31 December 2002: S$19,692,000)*. NAGC Group engages in a wide range of business operations including state-grant import and export business of motor vehicles. NAGC Group is the business partner of the Group with a nationwide distribution network in the PRC. It assists the Group in distribution of automobiles and setting up car rental business in the PRC. Besides, the Group provides technical services to the Honda automobiles distributed by NAGC in return for the technical fee. The details of transactions are illustrated as follow:

The trade receivables due from NAGC Group as at 30th June, 2003 amounted to approximately S$3,912,000 *(31 December 2002: S$2,755,000)*, out of which, approximately S$2,361,000 *(31 December 2002: S$1,454,000)* was technical fee arising from provision of technical fee to NAGC. The remaining of approximately S$1,551,000 *(31 December 2002: S$1,301,000)* was management fee charged on provision of management consulting and technical expertise to three car rental sub-licensees. Approximately S$517,000 *(31 December 2002: S$434,000)* was due from each of the sub-licensees. The three sub-licensees include Beijing China National Automotive Anhua Automobiles Leasing Co., Ltd., (a wholly subsidiary of NAGC), Shanghai China National Automotive Anhua Automobiles Services Co., Ltd. (a company of which 90% of its interest is owned by NAGC) and Guangzhou China National Automotive Anhua Automobiles Services Co., Ltd. (a company of which 90% of its interest is owned by NAGC) (collectively the "Three Sub-licensees"). The trade receivables due from NAGC were unsecured, interest free and repayable within 5 months.

The prepaid rental expenses advanced to China National Automotive Anhua Hertz Services Centre Co., Ltd. ("CNA Anhua (Hertz)"), a wholly owned subsidiary of NAGC, and Jin Tian Cheng Development Co., Ltd. ("Jin Tian Cheng"), a company of which NAGC holds 10% of its shareholding, as at 30 June 2003, amounted to approximately S$7,516,000 *(31 December 2002: S$7,557,000)* and S$1,408,000 *(31 December 2002: S$1,429,000)* respectively, were unsecured, interest free and will be amortized over 50 years and 20 years from the date of completion of the developments respectively.

The other receivables due from CNA Anhua (Hertz) as at 30 June 2003, amounted to approximately S$640,000 *(31 December 2002: S$505,000)*. The receivables were incurred as the Group paid the land cost to obtain the land title of the service centre in Xiamen, which was included in the prepaid rental expenses already paid to CNA Anhua (Hertz). The receivables were unsecured, interest free and repayable in or before December 2003.

Guarantees in the amount of approximately S$7,461,000 guarantees *(31 December 2002: S$7,446,000)* were provided to a bank in respect of banking facilities granted to Beijing China Automotive Anhua Spare Parts Ltd. The bank agreed to unconditionally release the above guarantees and the legal procedures are in progress. The Group does not have any security or receive any considerations from Beijing China Automotive Anhua Spare Parts Ltd. or NAGC by giving such guarantees.

Approximately S$1,781,000 *(31 December 2002: Nil)* were advanced to the Three Sub-licensees for Beijing, Shanghai and Guangzhou car rental operation. These receivables were unsecured, interest free and repayable in or before December 2003.

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.

Neither of CASH, its directors, employees nor 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 2003.

COMPLIANCE WITH RULE 5.28 TO 5.39 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 5.28 to 5.39 of the GEM Listing Rules.

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 on 5 June 2002. The audit committee comprises two independent non-executive Directors, namely Ms Lam So Ying and Mr. Lee Kwok Yung and one executive 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. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

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.

By Order of the Board
Loh Kim Her
Managing Director

Hong Kong, 12 August 2003