

By embracing prudent management, priority to providing quality brands, value added services and optimum customer satisfaction, the Group successfully sustained its strong foothold and market leadership to deliver another year of satisfactory performance in a challenging and uncertain 2003.



Experience and Skill

2003 started with promise and expectations of a turnaround of the weak Asian economies, with the exception of China, which was anticipated to continue its phenomenal growth. The SARS outbreak in March caused a period of uncertainty and loss of consumer confidence in the region. With the concerted efforts of various governments, SARS was brought under control by the second half of the year and consumer confidence

steadily returned in force to refuel the regional economies. Another factor which added to the woes of 2003 was the strong Euro which appreciated more than 20% against major currencies. As a result, our products were less competitive in price when compared to the Japanese and Korean products. However, we were able to leverage our existing strong footholds in the region to deliver yet another year of growth in an extremely challenging and uncertain year.

During the year under review, the Group's total turnover and profit attributable to shareholders amounted to HK\$9,192 million and HK\$234 million respectively, representing increases of 49% and 8%. Basic earnings per share was HK 24.6 cents and the net asset value was HK\$4.65 per share. Due to the foreseen expansion of the Group's business, particularly in China, the Board has recommended to maintain a final dividend of HK 3 cents per share which is the same as that in last year.

Post SARS, the quick recovery in the second half of the year was unexpected but welcomed and can be attributed to the Group's strategic positioning in its markets, the pent up demand for the Group's products, as well as the Group's priority to providing value to our customers and our commitment to investing for the future.

The demand for mass market and luxury cars continued its growth momentum during the latter half of the year. Global manufacturers of automobiles have increasingly in the past year established manufacturing joint ventures in China to meet local demands. The growth of the luxury car segments are expected to maintain and even out-pace the growth of mass market car segments. Leveraging on the Group's reputation, market presence and the popularity of luxury cars, we look forward to capturing the opportunities and benefiting from the accelerated growth momentum of China's automobile industry. Further, the implementation in October 2003 of the Administrative Rules Governing Automobile Financing Companies in China will serve as an added impetus to the growth in this business and for the Group, a valuable opportunity to providing value added services to our customers.

The China Government's high level of public spending and emphasis on infrastructure development has continued to support the machine, equipment and property industries. Despite the Government implementing strict measures to rein in an economy which is at risk of overheating, the growth in China has continued unabated in the last year.

2004 brings new opportunities, rejuvenated optimism and reviving sentiments to reach new goals and milestones. Looking ahead, the Group will capitalize on its existing network, strong customer relationship and quality products to take advantage of the opportunities presented by the reviving upward momentum of its markets. We will exercise a prudent approach towards our business expansion and growth in the region and embrace challenges as opportunities for business. The Group has always been forward thinking and optimistic — we will continue to embrace the same attitude and dedication to propelling our business forward.

2003 has been a particularly difficult year and our staff has demonstrated the tenacity required of them in facing many challenges, particularly SARS. On behalf of the Board, I wish to recognise and thank those who have contributed to our business success today — our people. Our pursuit of excellence will continue, so as to generate even more rewarding value and returns for our shareholders, partners and customers.

Gan Khian Seng

Managing Director

15 April 2004