

The network of Guangzhou Honda Automobile Sales and Maintenance System

★ The dealerships of Guangzhou Honda Automobile Sales and Maintenance System



### FINANCIAL SUMMARY

The Group's turnover for the year ended 31st December 2001 was about HK\$1,295,908,000, representing an increase of about 64.8% compared to that of 2000. The turnover of the trading of motor vehicles increased by about 140.5% compared to that of 2000 and reached around HK\$842,352,000 in 2001. The increase is mainly contributed by the turnover of HK\$380,361,000 of the newly-acquired subsidiary, GZ Honda No.1 Sales in which the Company has owned 51% equity interest. The second major revenue source of the Group was the manufacturing and assembly of motor vehicles which registered a turnover of around HK\$230,973,000, representing an increase of about 20.1% 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 RMB42,854,000 (equivalent approximately to HK\$40,051,000).



Though the total loans of the Group was slightly increased by around HK\$4,500,000 during the year and reached HK\$132,810,000 as at 31st December 2001, the Group maintains a low ratio of borrowings relative to total equity at 5.4% as at 31st December 2001. The ratio of total liabilities (including minority interests) relative to total equity was decreased from the ratio of 23% in 2000 to 20% in 2001. The Group's bank borrowings were secured by land and buildings and investment properties with a total net book value of HK\$70,737,000 and bank balance of HK\$68,613,000. As at 31st December 2001, the Group had contingent liabilities of about HK\$1,907,000 which mainly represented guarantees for bank loans borrowed by a non-consolidated subsidiary.

The Group had at the end of 2001 cash and bank balances of about HK\$928,478,000. This had included the cash inflow from operating activities of around HK\$41,342,000. During the year, the major increase of the cash and cash equivalent is due to the receipt of cash dividend of about HK\$164,753,000 from the jointly controlled entity, Guangzhou Honda.

Due to the effect of the newly adopted Statement of Standard Accounting Practice No.31 issued by the Hong Kong Society of Accountants, there was an one-off charging of impairment of land and building occupied by the Group amounted to HK\$43,021,000. If excluding this amount, the pro-forma operating profit is shown as HK\$48,749,000 and representing an increase of 118.5% compared to the amount of HK\$22,313,000 in 2000. General and administrative expenses for the Group in 2001 were around HK\$108,106,000, representing an increase of about 20.5% compared to that of 2000. Also, the increase was due to the general and administrative expenses of the newly acquired subsidiary, GZ Honda No.1 Sales. These expenses were tightly controlled such that the rate of increase of sales was impropportionately larger than that of these expenses. The increase was also mainly expensed for GZ Honda No.1 Sales. The finance costs was decreased by around 26.3% due to the increasing of the amount of cash held in Group. The interest cover reached a new recorded high level of 67.2 multiples in 2001 compared to that of

30.5 multiples in 2000. The Group did not experience significant exchange rate fluctuation in terms of Renminbi, the major operating currency of the Group during 2001.

In 2001, share of net profits of non-consolidated subsidiaries reached around HK\$1,447,000, representing an increase of 27.6% compared to that of 2000. Further, share of loss of associated companies also decreased by 47.0% compared to that of 2000 and reached around HK\$6,057,000.

New model of Guangzhou Honda — ODYSSEY



### ACKNOWLEDGEMENTS

I would like to extend my appreciation to all shareholders for their support and to thank the directors for their guidance and the staff members for their dedication and hard work.

**Zhang Fangyou**

*Chairman and Managing Director*

Hong Kong, 11th April 2002