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)

2004 Third Quarterly Report

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks rising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 three months and nine months ended 30 September 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2004

		(Unaudited) three months ended 30 September		**(Unaudited) nine months ended 30 September**	
		2004	**2003**	**2004**	**2003**
	Notes	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Turnover	2	22,529	33,816	86,208	92,165
Other revenues		248	123	495	302
Other income		77	26	163	82
Cost of inventories		(20,246)	(29,686)	(77,632)	(81,797)
Staff costs		(441)	(526)	(1,317)	(1,535)
Depreciation and amortisation		(289)	(214)	(751)	(604)
Minimum lease payments for operating leases		(67)	(91)	(189)	(308)
Exchange differences, net		(291)	(1,351)	(191)	(1,108)
Other operating expenses		(1,060)	(1,022)	(3,490)	(3,320)
Profit from operations		460	1,075	3,296	3,877
Finance costs, net		(400)	(419)	(1,292)	(1,143)
Profit from ordinary activities before taxation		60	656	2,004	2,734
Taxation	*3*	(42)	(159)	(551)	(592)
Profit after taxation but before minority interests		18	497	1,453	2,142
Minority interests		5	5	15	17
Profit attributable to shareholders		23	502	1,468	2,159
Earnings per share – Basic (Singapore cents)	*4*	0.01	0.13	0.37	0.54

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 September 2004 and 2003

	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 July 2004	9,040	4,006	1,689	(138)	10,325	24,922
Net gains/(losses) not recognised in income statement						
Translation difference	—	—	—	(501)	—	(501)
Shared by minority shareholder	—	—	—	7	—	7
Profit for the period	—	—	—	—	23	23
As at 30 September 2004	9,040	4,006	1,689	(632)	10,348	24,451
As at 1 July 2003	9,040	4,006	1,689	(55)	7,196	21,876
Net gains/(losses) not recognised in income statement						
Translation difference	—	—	—	(120)	—	(120)
Shared by minority shareholder	—	—	—	8	—	8
Profit for the period	—	—	—	—	502	502
As at 30 September 2003	9,040	4,006	1,689	(167)	7,698	22,266

For the nine months ended 30 September 2004 and 2003

	Issued capital *S$'000*	Share premium *S$'000*	Capital reserve *S$'000*	Translation reserve *S$'000*	Accumulated profits *S$'000*	Total *S$'000*
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	—	—	—	(335)	—	(335)
Shared by minority shareholder	—	—	—	5	—	5
Profit for the period	—	—	—	—	1,468	1,468
As at 30 September 2004	9,040	4,006	1,689	(632)	10,348	24,451
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	—	—	—	(116)	—	(116)
Shared by minority shareholder	—	—	—	16	—	16
Profit for the period	—	—	—	—	2,159	2,159
As at 30 September 2003	9,040	4,006	1,689	(167)	7,698	22,266

Notes:

1. Accounting Policies

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

2. Turnover

Turnover recognised by category is as follows:

	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
	2004	**2003**	**2004**	**2003**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Sales of motor vehicles	19,454	31,790	78,353	85,068
Servicing of motor vehicles and sales of auto parts	1,973	806	4,302	3,457
Technical fee income	817	924	2,695	2,750
Management fee income	285	296	858	890
	22,529	33,816	86,208	92,165

3. Taxation

The charge comprises:

	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
	2004	**2003**	**2004**	**2003**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Hong Kong profit tax	103	195	417	476
Overseas taxation (overprovision in prior period/current period provision)	(61)	(36)	134	116
	42	159	551	592

4. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2004 was based on the unaudited consolidated profit attributable to shareholders of approximately S$23,000 and on the 400,000,000 ordinary shares in issue during the three months ended 30 September 2004.

The calculation of basic earnings per share for the three months ended 30 September 2003 was based on the unaudited consolidated profit attributable to shareholders of approximately S$502,000 on the 400,000,000 ordinary shares in issue during the three months ended 30 September 2003.

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

The calculation of basic earnings per share for the nine months ended 30 September 2004 was based on the unaudited consolidated profit attributable to shareholders of approximately S$1,468,000 and on the 400,000,000 ordinary shares in issue during the nine months ended 30 September 2004.

The calculation of basic earnings per share for the nine months ended 30 September 2003 was based on the unaudited consolidated profit attributable to shareholders of approximately S$2,159,000 and on the 400,000,000 ordinary shares in issue during the nine months ended 30 September 2003.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In light of the austerity measures implemented by the PRC government during the first half of 2004 to moderate the overheating of the economy, negative impacts on the autos market persisted in the third quarter of the year. Measures like restriction on borrowing and auto financing slowed down the production and sales of the motor vehicles in the PRC. The number of cars sold during the nine months ended September 2004 in the PRC grew at a relatively lower percentage to that of 2003.

Customers' anticipation was another factor leading to the slowing down of cars sales in the PRC. Pursuant to the PRC's WTO protocol, the import quotas on motor vehicles will be eliminated in 2006; the average import tariffs on the motor vehicles will be further decreased to 25%. Implementation of the PRC's WTO protocol will definitely reduce the price of motor vehicles. Customers tended to defer their purchase of motor vehicles. On the other hand, the car manufacturers endeavoured to swell their market shares in the PRC market by cutting down the car prices. During the nine months ended 30 September 2004, there were tense price competitions in the PRC autos market. Consequently, customers foresee that there will be a further price reductions and were apt to wait for motor vehicles price cuts.

FINANCIAL REVIEW

Turnover

Turnover for the nine months ended 30 September 2004 was approximately S$86,208,000, a fall by approximately 6.5%, as compared to the corresponding period in 2003. The decrease was mainly due to a decrease in sales of motor vehicles, even though the servicing business logged a rise of approximately 24.4%. For the nine months ended 30 September 2004, there recorded a decrease in sales of motor vehicles of approximately 7.9%.

Gross profit

Gross profit for the nine months ended 30 September 2004 was approximately S$8,576,000, a decrease of approximately 17.3%, as compared to the corresponding period in 2003. The decrease was mainly due to the reduction in sales of motor vehicles. The turnover generated from sales of motor vehicles was reduced from approximately S$85,068,000 for the nine months ended 30 September 2003 to approximately S$78,353,000 for the corresponding period in 2004. On the other hand, the manufacturers aimed at growing their market share by cutting down prices. The margin of selling cars thus shrank.

Other operating expenses

For the nine months ended 30 September 2004, other operating expenses were approximately S$3,490,000, increased by approximately 5.1%, as compared to the corresponding period in 2003.

Profit attributable to shareholders

The profit attributable to shareholders for the nine months ended 30 September 2004 was approximately S$1,468,000, representing a decrease of approximately 32.0%, as compared to the corresponding period in 2003.

DIVIDEND

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

DIRECTORS' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2004, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to Rule 5.40 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

		Number of shares held					Approximate
		Personal	Family	Corporate	Other		percentage of
Name	**Capacity**	**Interest**	**Interest**	**Interest**	**Interests**	**Total**	**shareholding**
Chan Hing Ka Anthony	Interest of a controlled corporation	—	—	106,432,000 *(Note 1)*	—	106,432,000	26.61%
Loh Nee Peng	Interest of a controlled corporation	—	—	106,432,000 *(Note 2)*	—	106,432,000	26.61%

Notes:

1. The 106,432,000 shares are held as to 32,000,000 shares by Tycoons Investment International Limited and as to 74,432,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49%, respectively by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.

2. The 106,432,000 shares are held as to 32,000,000 shares by Big Reap International Limited and as to 74,432,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap International Limited and Loh & Loh Construction Group Ltd.

Save as disclosed above, as at 30 September 2004, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required pursuant to Rule 5.40 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS

As at 30 September 2004, the persons or corporations (other than directors or chief executive of the Company) who have interests or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh Kim Her	Interest of a controlled corporation *(Note 1)*	106,432,000	26.61%
Loh & Loh Construction Group Ltd.	Beneficial owner *(Note 2)*	74,432,000	18.61%
Comfort Group Limited	Interest of a controlled corporation *(Note 3)*	61,667,570	15.42%

Notes:

1. The 106,432,000 shares are held as to 16,000,000 shares by Affluence Investment International Limited, as to 16,000,000 shares by L & B Holdings Pte Ltd. and as to 74,432,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100%, 18.94% and 15%, respectively by Mr. Loh Kim Her. By virtue of the SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, L & B Holdings Pte Ltd. and Loh & Loh Construction Group Ltd.

2. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Kim Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.

3. The 61,667,570 shares are held by Comfort (China) Pte Ltd., the wholly owned subsidiary of Comfort Group Limited. By virtue of the SFO, Comfort Group Limited is deemed to be interested in the shares held by Comfort (China) Pte Ltd.

Save as disclosed above, as at 30 September 2004, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

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 nine months ended 30 September 2004, 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 Rules 17.15, 17.17 and 17.22 of the GEM Listing Rules, a disclosure obligation arises when the relevant advances to an entity from the Group exceeds 8% of the Group's market capitalisation, being calculated using the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding 30 September 2004 (the "Market Capitalisation"). As at 30 September 2004, there were 400,000,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK$0.1186 as quoted on the Stock Exchange of the trading days from 22 September 2004 to 28 September 2004 (both days inclusive), being the 5 business days immediately preceding 30 September 2004, the Company's Market Capitalisation was approximately HK$47.44 million.

Trade Receivables, Car Rental Advances, Prepaid Rental Expenses and Advances to North Anhua Group Corporation ("NAGC") and its subsidiaries (the "NAGC Group")

The total trade receivables due from and advances provided to the NAGC Group decreased from a total of approximately S$16,540,000 (equivalent to HK$74,843,000) as at 30 June 2004 as disclosed in the Group's latest interim report for the six months ended 30 June 2004 to a total of approximately S$15,159,000 (equivalent to HK$69,852,000) as at 30 September 2004. NAGC is a business partner which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company.

As at 30 September 2004, the total trade receivables and advances due from and provided to the NAGC Group represented approximately 147% of the Group's Market Capitalisation and represented approximately 18% of the unaudited total asset value of the Group as at 30 June 2004.

Details of the transactions to the NAGC Group which are of trading nature and remain outstanding as at 30 September 2004 were amounted as follows:

	30 September 2004		**30 June 2004**	
	S$'000	*HK$'000*	*S$'000*	*HK$'000*
Trade receivables	3,949	18,197	3,968	17,955
Car rental advances	1,747	8,050	1,747	7,905
Prepaid rental expenses	3,887	17,911	7,399	33,480
Advances to NAGC	2,112	9,732	41	186
Advances to Xiamen Zhong Bao	3,464	15,962	3,385	15,317
	15,159	69,852	16,540	74,843

Trade Receivables due from the NAGC Group

The trade receivables due from the NAGC Group as at 30 September 2004 amounted to approximately S$3,949,000 (equivalent to approximately HK$18,197,000) *(as at 30 June 2004: approximately S$3,968,000 (equivalent to approximately HK$17,955,000))*. Out of this amount, approximately S$3,093,000 (equivalent to approximately HK$14,253,000) *(as at 30 June 2004: approximately S$3,055,000 (equivalent to approximately HK$13,825,000))* represented the technical fee arising from the provision of management consulting and technical assistance to NAGC. The remaining balance of approximately S$856,000 (equivalent to approximately HK$3,944,000) *(as at 30 June 2004: approximately S$913,000 (equivalent to approximately HK$4,130,000))* represented the management fee charged on provision of management consulting and technical expertise to 3 PRC car rental operators, namely (i) Beijing China National Automotive Anhua Automobiles Leasing Co., Ltd. (the "Beijing Sub-licensees"), a wholly owned subsidiary of NAGC, (ii) Shanghai China National Automotive Anhua Automobiles Services Co., Ltd. (the "Shanghai Sub-licensees"), a company of which 90% of its interest is owned by NAGC, and (iii) Guangzhou China National Automotive Anhua Automobiles Services Co., Ltd. (the "Guangzhou Sub-licensees"), a company of which 90% of its interest is owned by NAGC (collectively the "Three Sub-licensees"). Approximately S$285,000 (equivalent to approximately HK$1,313,000) *(as at 30 June 2004: approximately S$285,000 (equivalent to approximately HK$1,288,000))* were due from the Beijing Sub-licensees. Approximately S$285,000 (equivalent to approximately HK$1,313,000) *(as at 30 June 2004: approximately S$314,000 (equivalent to approximately HK$1,421,000))* were due from the Shanghai Sub-licensees. Approximately S$286,000 (equivalent to approximately HK$1,318,000) *(as at 30 June 2004: approximately S$314,000 (equivalent to approximately HK$1,421,000))* were due from the Guangzhou Sub-licensees. The trade receivables due from the NAGC Group were unsecured, interest free and repayable in cash by the end of December 2004. The Directors considered that the trade receivables were made under normal commercial terms and in the ordinary course of business of the Group.

Car Rental Advances due from NAGC

As at 30 September 2004, approximately S$1,747,000 (equivalent to approximately HK$8,050,000) *(as at 30 June 2004: approximately S$1,747,000 (equivalent to approximately HK$7,905,000))* were advanced as the financial assistance through a subsidiary of the Company, China National Auto Anhua (Tianjin) International Trade Co., Ltd. ("CNA Anhua (Tianjin)"), to the Three Sub-licensees for car rental operation, as stated in the section headed "Statement of Business Objectives" in the prospectus dated 10 June 2002 (the "Prospectus"). These advances were unsecured, interest free and repayable in cash by the end of March 2006. The Group has 70% interest in CNA Anhua (Tianjin) while the remaining 30% is owned by NAGC. The Three Sub-licensees are not affiliated companies of the Group as defined under the GEM Listing Rules.

Prepaid Rental Expenses due from NAGC

As at 30 September 2004, prepaid rental expenses of the amount of approximately S$3,887,000 (equivalent to approximately HK$17,911,000) *(as at 30 June 2004: approximately S$7,399,000 (equivalent to approximately HK$33,480,000))* were made in accordance with the co-operation agreement in March 2000 and entered between the Group and China National Automotive Anhua Hertz Services Centre Co., Ltd. ("CNA Anhua (Hertz)"), a wholly owned subsidiary of NAGC for the construction of three showrooms/service centres and related facilities in Guangdong Province, Xiamen and Beijing. CNA Anhua (Hertz) is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules). As further disclosed under the section headed "Update on the Progress of the Co-operation Projects" in the circular regarding "Update on Progress of the Co-operation Projects with North Anhua Group Corporation and its Related Companies" issued by the Company dated 6 January 2004, according to the supplemental agreement entered between the Group and CNA Anhua (Hertz) dated 15 October 2002, the establishment of a showroom/service centre in Guangdong Province was not pursued. Therefore, the number of service centres was reduced to two. The Directors are of the view that the construction of showrooms/service centres and related facilities under these co-operation projects are important to the Group to achieve its business objectives as mentioned in the Prospectus and the prepaid rental expenses were made under normal commercial terms and in the ordinary course of business of the Group. The prepaid rental expenses entitle the Group to use such facilities for 50 years from the date of completion of the developments. The prepaid rental expenses for the development project in Beijing was approximately S$3,887,000 (equivalent to approximately HK$17,911,000) *(as at 30 June 2004: approximately S$3,907,000 (equivalent to approximately HK$17,679,000))*, which was completed in December 2001. The prepaid rental expense for the development project in Haichang, Xiamen amounted to approximately S$3,474,000 (equivalent to approximately HK$16,008,000) *(as at 30 June 2004: approximately S$3,492,000 (equivalent to approximately HK$15,801,000))*. The development project was completed in Haichang, Xiamen in December 2003 with proper land and property titles granted to Xiamen BMW Automobiles Service Co., Ltd., a Sino-foreign co-operative joint venture company and its registered capital was 100% contributed by the Group. Such amount of prepaid rental for the development project in Xiamen was reclassified to fixed assets of the Group. The prepaid rental expenses were unsecured and interest free. The prepaid rental expenses for the development project in Beijing are amortised on a straight line basis over 50 years from the date of completion.

Advances to the NAGC Group

As at 30 September 2004, the advances made to Beijing China National Automotive Anhua Spare Parts Ltd. ("BCNA") was approximately S$2,112,000 (equivalent to approximately HK$9,732,000) *(as at 30 June 2004: approximately S$41,000 (equivalent to approximately HK$186,000))*. The advances were used for the purchase of imported motor vehicles and related import tax expenses so as to leverage the distribution network of the NAGC Group for marketing and promotional purpose. As disclosed under the section headed "Risk Factors" of the Prospectus, the PRC imposes restrictions on the imports of motor vehicles. Only certain entities are eligible to import motor vehicles into the PRC. NAGC is one of these eligible entities in the PRC which are allowed to import and distribute imported cars in the PRC. Since the Group relies on NAGC to promote sales of imported cars in the PRC, the Directors consider these advances to NAGC by the Group in this regard are in normal course of business of the Group and under normal commercial terms. These advances were unsecured, interest free and repayable in cash by the end of December 2004.

Advances to and trade receivables due from Xiamen Zhong Bao Automobiles Co., Ltd. ("Xiamen Zhong Bao")

As at 30 September 2004, the advances due from Xiamen Zhong Bao, a company owned as to approximately 12.2% by NAGC, amounted to approximately S$3,464,000 (equivalent to approximately HK$15,962,000) *(as at 30 June 2004: approximately S$3,385,000 (equivalent to HK$15,317,000))*. Among the total advances, approximately S$3,458,000 (equivalent to approximately HK$15,934,000) *(as at 30 June 2004: approximately S$3,044,000 (equivalent to approximately HK$13,774,000))* were made for the marketing activities of the PRC manufactured BMW motor vehicles in October 2003 in accordance with a co-operation agreement entered between Xiamen Zhong Bao and the Group on 7 October 2003. According to this 5-year-term agreement, the Group has to provide market management and technical services, after-sales services and financial assistance to Xiamen Zhong Bao. The remaining balance of approximately S$6,000 (equivalent to approximately HK$28,000) *(as at 30 June 2004: approximately S$341,000 (equivalent to approximately HK$1,543,000))* was technical fee income derived from the provision of management consulting and technical assistance to Xiamen Zhong Bao in relation to their sales of the PRC manufactured BMW motor vehicles. The amounts due were unsecured, interest free and repayable in cash by the end of December 2004. The Directors considered the granting of advances to and trade receivables from Xiamen Zhong Bao are under normal commercial terms and in the ordinary course of business of the Group.

Trade Receivables and Advances to other entities

As at 30 September 2004, each of the following trade receivables exceeds 8% of the Group's Market Capitalisation. None of the following companies is an affiliated company of the Group (as defined under the GEM Listing Rules). As advised by the Directors, the following companies are not subsidiaries or substantial shareholders of the NAGC Group or its associates (as defined under the GEM Listing Rules).

	30 September 2004		**Market**
	S$'000	*HK$'000*	**Capitalisation**
Beijing Dong Shen Wei Ye Auto Sales Co. Ltd.	3,438	15,842	33%
Beijing Hui Chuan Trading Co.	900	4,147	9%
Beijing Zhong Bao Trading Co. Ltd.	930	4,285	9%
Forever Fortune Trading Co.	2,167	9,986	21%
Fuzhou Zhong Bao Trading Co. Ltd.	5,406	24,911	53%
Jung Xin Automobiles Co. Ltd.	2,623	12,087	25%
Tianjin Chi Meng International Trade Co. Ltd.	985	4,539	10%
Xiamen Bunlung Automobiles Co. Ltd.	3,140	14,469	30%
Xiamen C & D Inc.	1,699	7,829	17%
Xiamen Feng Chi Automobiles Trading Co. Ltd.	1,410	6,497	14%
Xiamen Xin Cheng Gung Auto Co. Ltd.	1,845	8,502	18%
Yuet Join Industrial Co. Ltd.	2,585	11,912	25%
Total	27,128	125,006	

Advances to Beijing Dong Shen Wei Ye Auto Sales Co. Ltd. ("Dong Shen")

The advances due from Dong Shen, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), were originally paid pursuant to an agreement between Dong Shen dated 5 February 2004. The agreement required Dong Shen to provide assistance to the Group in obtaining and handling necessary documents for importing automobiles, spare parts and maintenance equipment. However, as a result of practical difficulties, the Group and Dong Shen mutually agreed and entered into a supplemental agreement on 31 May 2004 to terminate the agreement dated 5 February 2004 and release both parties from the performance of any obligations of the agreement dated 5 February 2004. The advances amounted to approximately S$4,779,000 (equivalent to approximately HK$22,022,000). Done Shen had refunded approximately S$3,353,000 (equivalent to approximately HK$15,451,000) in June 2004 and the remaining balance of S$1,426,000 (equivalent to approximately HK$6,571,000)* will be repaid by the end of December 2004. In September 2004, the Group further advanced approximately S$2,012,000 (equivalent to HK$9,271,000). The advances were for the payment of import license, custom clearance fee and other custom related charges for imported cars which were shipped to the Group's customers via Tianjin Free Port. The payment is calculated on the basis of the number of imported motor vehicles being shipped. As disclosed under the section headed "Risk Factors" of the Prospectus, the PRC imposes restriction on the imported motor vehicles. Only certain entities in the PRC that is allowed to import and distribute imported motor vehicles in the PRC. The advances will be repaid to the Group once the imported motor vehicles are successfully sold and delivered to the customers. The Directors consider that this a common practice in the automobile industry in the PRC.

The amount of advances from the Group to Dong Shen was approximately S$3,438,000 (equivalent to approximately HK$15,842,000) *(as at 30 June 2004: approximately S$1,426,000 (equivalent to approximately HK$6,452,000))***. The amount was unsecured and interest free and will be repaid by the end of December 2004. The advances due from Dong Shen were approximately 33% of the Group's Market Capitalisation.

Trade receivables due from Beijing Hui Chuan Trading Co. ("Hui Chuan")

As at 30 September 2004, the trade receivables due from Hui Chuan, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$900,000 (equivalent to approximately HK$4,147,000) *(as at 30 June 2004: approximately S$916,000 (equivalent to approximately HK$4,145,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Hui Chuan and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Hui Chuan were approximately 9% of the Group's Market Capitalisation.

* *convert using the exchange rate as at 30 September 2004*

** *convert using the exchange rate as at 30 June 2004*

Advances to Beijing Zhong Bao Trading Co. Ltd. ("Beijing Zhong Bao")

As at 30 September 2004, the advances to Beijing Zhong Bao, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$930,000 (equivalent to approximately HK$4,285,000) *(as at 30 June 2004: approximately S$3,705,000 (equivalent to approximately HK$16,765,000)).* The advances were for the marketing activities of the PRC manufactured BMW motor vehicles that commenced in October 2003 and considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The advances due from Beijing Zhong Bao were approximately 9% of the Group's Market Capitalisation.

Trade receivables due from Forever Fortune Trading Co. ("Forever Fortune")

As at 30 September 2004, the trade receivables due from Forever Fortune, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$2,167,000 (equivalent to approximately HK$9,986,000) *(as at 30 June 2004: approximately S$2,205,000 (equivalent to approximately HK$9,976,000)).* The receivables were incurred as a result of sales of motor vehicles in the PRC to Forever Fortune and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Forever Fortune were approximately 21% of the Group's Market Capitalisation.

Advances to Fuzhou Zhong Bao Trading Co. Ltd. ("Fuzhou Zhong Bao")

As at 30 September 2004, the advances to Fuzhou Zhong Bao, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$5,406,000 (equivalent to approximately HK$24,911,000) *(as at 30 June 2004: approximately S$6,240,000 (equivalent to approximately HK$28,236,000)).* The advances were for the marketing activities of the PRC manufactured BMW motor vehicles in the PRC that commenced in October 2003 and the Directors considered such advances as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The advances to Fuzhou Zhong Bao were approximately 53% of the Group's Market Capitalisation.

The Group has entered with Xiamen Zhong Bao a management and technical service contract in October 2003. According to the contract, the Group has to provide management, technical and marketing services, after-sales service, warranty service and providing financial assistance to Xiamen Zhong Bao and its affiliated companies, Fuzhou Zhong Bao. In return, the Group receives a fee ranging from RMB8,000 to RMB13,000 for each motor vehicles sold by Xiamen Zhong Bao and its affiliated companies. The Directors considered that it is a common practice in the automobile industry in the PRC.

Trade receivables due from Jung Xin Automobiles Co. Ltd. ("Jung Xin")

As at 30 September 2004, the trade receivables due from Jung Xin, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$2,623,000 (equivalent to approximately HK$12,087,000) *(as at 30 June 2004: approximately S$875,000 (equivalent to approximately HK$3,959,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Jung Xin and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Jung Xin were approximately 25% of the Group's Market Capitalisation.

Trade receivables due from Tianjin Chi Meng International Trade Co. Ltd. ("Chi Meng")

As at 30 September 2004, the trade receivables due from Chi Meng, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$985,000 (equivalent to approximately HK$4,539,000) *(as at 30 June 2004: approximately S$1,342,000 (equivalent to approximately HK$6,072,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Chi Meng and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Chi Meng were approximately 10% of the Group's Market Capitalisation.

Trade receivables due from Xiamen Bunlung Automobiles Co. Ltd. ("Xiamen Bunlung")

As at 30 September 2004, the trade receivables due from Xiamen Bunlung, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$3,140,000 (equivalent to approximately HK$14,469,000) *(as at 30 June 2004: approximately S$2,629,000 (equivalent to approximately HK$11,896,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to

Xiamen Bunlung and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Xiamen Bunlung were approximately 30% of the Group's Market Capitalisation.

Trade receivables due from Xiamen C & D Inc. ("Xiamen C & D")

As at 30 September 2004, the trade receivables due from Xiamen C & D, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$1,699,000 (equivalent to approximately HK$7,829,000) *(as at 30 June 2004: approximately S$1,432,000 (equivalent to approximately HK$6,480,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Xiamen C & D and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Xiamen C & D were approximately 17% of the Group's Market Capitalisation.

Trade receivables due from Xiamen Feng Chi Automobiles Trading Co. Ltd. ("Feng Chi")

As at 30 September 2004, the trade receivables due from Feng Chi, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$1,410,000 (equivalent to approximately HK$6,497,000) *(as at 30 June 2004: approximately S$1,146,000 (equivalent to approximately HK$5,186,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Feng Chi and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Feng Chi were approximately 14% of the Group's Market Capitalisation.

Trade receivables due from Xiamen Xin Cheng Gung Auto Co. Ltd. ("Xin Cheng Gung")

As at 30 September 2004, the trade receivables due from Xin Cheng Gung, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$1,845,000 (equivalent to approximately HK$8,502,000) *(as at 30 June 2004: approximately S$2,007,000 (equivalent to approximately HK$9,082,000))*. The receivables were incurred as a result of sales of motor vehicles in the PRC to Xin Cheng Gung and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Xin Cheng Gung were approximately 18% of the Group's Market Capitalisation.

Trade receivables due from Yuet Join Industrial Co. Ltd. ("Yuet Join")

As at 30 September 2004, the trade receivables due from Yuet Join, which is not connected with the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules), amounted to approximately S$2,585,000 (equivalent to approximately HK$11,912,000) *(as at 30 June 2004: approximately S$2,633,000 (equivalent to approximately HK$11,914,000)).* The receivables were incurred as a result of sales of motor vehicles in the PRC to Yuet Join and were considered as ordinary course of the Group's business and on normal commercial terms. The amounts were unsecured, interest free and repayable by the end of December 2004. The trade receivables due from Yuet Join were approximately 25% of the Group's Market Capitalisation.

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 September 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 September 2004.

COMPLIANCE WITH RULE 5.35 TO 5.45 OF THE GEM LISTING RULES

During the nine months ended 30 September 2004, 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2004, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exactly than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Company has established an audit committee on 5 June 2002 with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei. 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 of Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

The audit committee had reviewed this unaudited third quarterly results for the nine months ended 30 September 2004.

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 nine months ended 30 September 2004.

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, 11 November 2004