



**G.A. HOLDINGS LIMITED**  
**GA 控股有限公司**

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



First Quarterly REPORT **2005**

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 which 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 of Hong Kong Limited 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 basis and assumptions that are fair and reasonable.*

## FINANCIAL RESULTS

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 ended 31 March 2005.

### CONSOLIDATED INCOME STATEMENT

*For the three months ended 31 March 2005*

		<b>(Unaudited)</b>	
		<b>three months ended</b>	
		<b>31 March</b>	
	<i>Notes</i>	<b>2005</b>	<b>2004</b>
		<i>S\$'000</i>	<i>S\$'000</i>
Turnover	2	<b>18,557</b>	30,428
Other revenue		<b>350</b>	98
Other income		<b>32</b>	37
Cost of sales		<b>(16,137)</b>	(26,391)
Staff costs		<b>(418)</b>	(443)
Depreciation and amortisation		<b>(323)</b>	(220)
Minimum lease payments for operating leases		<b>(65)</b>	(66)
Exchange differences, net		<b>390</b>	483
Other operating expenses		<b>(735)</b>	(1,156)
Profit from operating activities		<b>1,651</b>	2,770
Finance costs, net		<b>(474)</b>	(541)
Profit before tax		<b>1,177</b>	2,229
Tax	3	<b>(209)</b>	(484)
Profit before minority interests		<b>968</b>	1,745
Minority interests		<b>5</b>	5
Profit attributable to shareholders		<b>973</b>	1,750
Earnings per share – Basic (cents)	4	<b>0.24</b>	0.44

Notes:

## 1. Basis of preparation

The unaudited quarterly results of the Group have been prepared in accordance with and comply with the applicable accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. The financial statements have been prepared under the historical cost convention.

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 annual audited financial statements for the year ended 31 December 2004.

## 2. Turnover

Turnover represents the net invoiced value of goods sold after allowances for returns, trade discounts, other taxes related to sales where applicable, and services rendered.

Turnover recognised by category is as follows:

	<b>(Unaudited)</b>	
	<b>three months ended</b>	
	<b>31 March</b>	
	<b>2005</b>	<b>2004</b>
	<i>S\$'000</i>	<i>S\$'000</i>
Sales of motor vehicles	<b>15,312</b>	27,791
Servicing of motor vehicles and sales of auto parts	<b>1,561</b>	1,157
Technical fee income	<b>1,406</b>	1,197
Management fee income	<b>278</b>	283
	<hr/>	<hr/>
	<b>18,557</b>	30,428
	<hr/> <hr/>	<hr/> <hr/>

## 3. Tax

The charge comprises:

	<b>(Unaudited)</b>	
	<b>three months ended</b>	
	<b>31 March</b>	
	<b>2005</b>	<b>2004</b>
	<i>S\$'000</i>	<i>S\$'000</i>
Hong Kong profits tax	<b>95</b>	154
Overseas taxation	<b>114</b>	330
	<hr/>	<hr/>
	<b>209</b>	484
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profit tax has been provided at the rate of 17.5% on the estimated assessable profit of the Hong Kong subsidiary for the three months ended 31 March 2005 and 2004.

Singapore income tax is calculated based on the estimated assessable profit of Singapore subsidiaries at the rate of 20% for the three months ended 31 March 2005 and 22% for 2004.

No PRC enterprise income tax has been provided for the PRC subsidiaries as they incurred losses for taxation purposes during the three months ended 31 March 2005 and 2004.

There was no significant unprovided deferred tax for the period.

#### 4. Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2005 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$973,000 (2004: S\$1,750,000) and on the 400,000,000 (2004: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 31 March 2005 and 2004.

#### 5. Statements of movements in reserves

*For the three months ended 31 March 2005 and 2004*

	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total S\$'000
As at 1 January 2005	4,006	1,689	(1,136)	10,621	15,180
<b>Net gains not recognised in income statement</b>					
Translation difference	-	-	139	-	139
Profit for the period	-	-	-	973	973
As at 31 March 2005	<u>4,006</u>	<u>1,689</u>	<u>(997)</u>	<u>11,594</u>	<u>16,292</u>
As at 1 January 2004	4,006	1,689	(302)	8,880	14,273
<b>Net losses not recognised in income statement</b>					
Translation difference	-	-	(181)	-	(181)
Profit for the period	-	-	-	1,750	1,750
As at 31 March 2004	<u>4,006</u>	<u>1,689</u>	<u>(483)</u>	<u>10,630</u>	<u>15,842</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Sales of motor vehicles**

For the three months ended 31 March 2005, the turnover generated from sales of motor vehicles was approximately S\$15,312,000, representing a decrease of approximately 44.9% as compared to the corresponding period in 2004. The decrease was mainly due to the reduction in sales of BMW motor vehicles. The sales of motor vehicles comprise 82.5% of the total turnover, which represent a decrease of approximately 8.8% when as compared to the corresponding period in 2004.

#### **Servicing of motor vehicles and sales of auto parts**

For the three months ended 31 March 2005, the turnover generated from servicing of motor vehicles and sales of auto parts increased by approximately 34.9% to approximately S\$1,561,000. The increase was mainly due to the increase in service capacity following the relocation of service centre in Xiamen.

#### **Technical fee income**

Technical fee income for the three months ended 31 March 2005 was approximately S\$1,406,000, increased by approximately 17.5% as compared to the corresponding period in 2004. This is mainly due to increase in sales of the PRC manufactured BMW motor vehicles by Xiamen Zhong Bao Automobiles Co., Ltd. ('Xiamen Zhong Bao') which in turn increase the technical fee charged by the Group for provision of management consulting and technical services.

#### **Management fee income**

For the three months ended 31 March 2005, the management fee income was approximately S\$278,000. This represented a slight decrease of approximately 1.8% from the three months ended 31 March 2004.

#### **Car rental business**

The operation of car rental business in Hong Kong has been expanded steadily. In addition to establishing extra service location, the Group acquired more cars and employed more staff to provide services of higher quality to the car rental customers.

## **FINANCIAL REVIEW**

The unaudited consolidated turnover for the three months ended 31 March 2005 was decreased to approximately S\$18,557,000 from approximately S\$30,428,000 for the corresponding period in 2004. This represented a decrease of approximately 39%. The decrease was mainly contributed by the decrease in sales of motor vehicles. The sales of motor vehicles represented approximately 82.5% of the Group's turnover.

The gross profit for the three months ended 31 March 2005 was approximately S\$2,420,000, a decrease of approximately 40.1% as compared to the corresponding period in 2004. The gross profit margin was approximately 13% for the three months ended 31 March 2005 and approximately 13.3% for the three months ended 31 March 2004.

For the three months ended 31 March 2005, the exchange gain was approximately S\$390,000, a decrease of approximately 19.2% as compared to the corresponding period in 2004. The decrease in exchange gain was mainly due to the appreciation of Euro against Singapore dollars and the Group's purchases were mainly denominated in Euro.

For the three months ended 31 March 2005, other operating expenses were approximately S\$735,000 representing a decrease of approximately 36.4% as compared to the corresponding period in 2004. This was mainly due to the decrease in legal and professional fees and promotional expenses.

The profit attributable to shareholders for the three months ended 31 March 2005 was approximately S\$973,000, representing a decrease of approximately 44.4% compared to the corresponding period in 2004.

## **PROSPECT**

Looking ahead, the Group will remain striving to strengthen its after-sales services, improve its sales and marketing efficiency and expand its distribution network. The management and the staff team of the Group will strive for their best in meeting the challenges from macro-economic regulations of the PRC government and capture the business opportunities in the China market.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (three months ended 31 March 2004: Nil).

## DIRECTOR'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2005, 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 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 were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares

Name	Capacity	Number of shares held				Other Interests	Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest				
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 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 Big Reap International Limited and Loh & Loh Construction Group Ltd.



Save as disclosed above, as at 31 March 2005, 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 were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## **INTERESTS AND SHORT POSITION OF SUBSTANTIAL SHAREHOLDERS**

As at 31 March 2005, 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:

### **Long positions in shares**

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
Loh & Loh Construction Group Ltd.	Beneficial owner <i>(Note 1)</i>	74,432,000	18.61%
ComfortDelGro Corporation Limited	Interest of a controlled corporation <i>(Note 2)</i>	61,667,570	15.42%
PHEIM Asset Management (Asia) Pte Ltd.	Investment manager	33,308,000	8.33%
HSBC Trustee (Singapore) Limited	Trustee	20,108,000	5.03%

*Notes:*

1. 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, Mr. Loh Kim Her 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.
2. The 61,667,570 shares are held by ComfortDelGro (China) Pte Ltd., the wholly owned subsidiary of ComfortDelGro Corporation Limited. By virtue of the SFO, ComfortDelGro Corporation Limited is deemed to be interested in the shares held by ComfortDelGro Corporation (China) Pte Ltd.

Save as disclosed above, as at 31 March 2005, 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 AND CHIEF EXECUTIVES' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES**

None of the Directors and chief executives 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**

During the three months ended 31 March 2005, 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 three months ended 31 March 2005, the Company did not adopt any share option scheme, nor did 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 and 17.17, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% of the Group's five day average market capitalization as defined in Chapter 19 of the GEM Listing Rules (the "Market Capitalization"). As at 31 March 2005, there were 400,000,000 shares of the Company in issue. Base on the average closing price of the Company's

shares of HK\$0.0722 as quoted on the Stock Exchange for the trading days from 22 March 2005 to 30 March 2005 (both days inclusive), being the five trading days immediately preceding 31 March 2005, the Company's Market Capitalization was approximately HK\$28.88 million.

*Trade Receivables, Car Rental Advances, Prepaid Rental Expenses, Other Receivables, Guarantees, Advances to North Anhua Group Corporation ("NAGC").*

The total advances, guarantees and trade receivables provided to and due from North Anhua Group Corporation ("NAGC", together with its subsidiaries, the "NAGC Group"), increased from a total of approximately S\$27,965,000 (equivalent to approximately HK\$130,070,000) as at the corresponding period ended 31 March 2004 to a total of approximately S\$43,101,000 (equivalently to approximately HK\$203,306,000) as at 31 March 2005. NAGC is not connected with the Company, the Directors, chief executives, substantial shareholders or management shareholders of the Company and its subsidiaries or any of their respective associates.

As at 31 March 2005, the total advances, guarantees and trade receivables provided to and due from NAGC Group represented approximately 704% of the Company's Market Capitalization and represented approximately 61.5% of the unaudited total asset value of the Group as at 31 March 2005.

The details of the transactions to the NAGC Group, which were of trading nature and remain outstanding as at 31 March 2005, were set out as below:

	<b>(Unaudited)</b>	
	<b>As at</b>	
	<b>31 March 2005</b>	
	<i>S\$'000</i>	<i>HK\$'000</i>
Trade receivables	278	1,311
Car rental advances	1,672	7,887
Prepaid rental expenses	8,518	40,179
Other receivables	64	302
Guarantees to NAGC Group	4,620	21,792
Advances to NAGC	2,306	10,877
Advances to Xiamen Zhong Bao	18,678	88,104
Guarantees to Xiamen Zhong Bao	6,965	32,854
	<u>43,101</u>	<u>203,306</u>

### *Trade Receivables due from the NAGC Group*

The trade receivables due from the NAGC Group as at 31 March 2005 amounted to approximately S\$278,000 (equivalently to approximately HK\$1,311,000) (as at 31 December 2004: S\$3,647,000; equivalent to approximately HK\$17,367,000). As at 31 March 2005, there is no technical income due from NAGC. (as at 31 December 2004: S\$2,819,000 ; equivalently to approximately HK\$13,423,000). As stated in the section under “Business of the Group” in the prospectus dated 10 June 2002 (“Prospectus”), the technical service agreement with NAGC ends at January 2005. Thus, from February 2005 onwards, there will not be any technical fee income arising from the provision of management consulting and technical assistance to the NAGC Group.

The balance of approximately S\$278,000 (equivalently to approximately HK\$1,311,000) (as at 31 December 2004: S\$828,000; equivalent to approximately HK\$3,944,000) represented 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 which is owned as to 90% by NAGC (collectively the “Three Sub-licensees”). Approximately S\$93,000 (equivalent to approximately HK\$439,000) (as at 31 December 2004: S\$276,000, equivalent to approximately HK\$1,314,000) were due from the Beijing Sub-licensees. Approximately S\$93,000 (equivalent to approximately HK\$439,000) (as at 31 December 2004: S\$276,000, equivalent to approximately HK\$1,314,000) were due from the Shanghai Sub-licensees. Approximately S\$93,000 (equivalent to approximately HK\$439,000) (as at 31 December 2004: S\$276,000, equivalent to approximately HK\$1,314,000) were due from the Guangzhou Sub-licensees. Trade receivables due from the NAGC Group were unsecured, interest free and repayable in cash by July 2005. 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 31 March 2005, approximately S\$1,672,000 (equivalent to approximately HK\$7,887,000) (as at 31 December 2004: S\$1,663,000; equivalent to approximately HK\$7,919,000) 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. Pursuant to the disclosure requirements of Rule 17.18 of the GEM Listing Rules, these advances were unsecured, interest free and repayable in cash by 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 in the GEM Listing Rules.

*Prepaid Rental Expenses due from NAGC*

As at 31 March 2005, prepaid rental expenses amounted to approximately S\$8,518,000 (equivalent to approximately HK\$40,179,000) (as at 31 December 2004: S\$8,556,000; equivalent to approximately HK\$40,473,000). The details are as follows:—

**China National Automotive Anhua Hertz Services Centre Co., Ltd. (“CNA Anhua (Hertz)”)**

In accordance with the co-operation agreement dated 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 the Guangdong Province, Xiamen and Beijing. CNA Anhua (Hertz) is not connected with the Company, the Directors, chief executive, substantial shareholder or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). As further disclosed in the circular under the section headed “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 (the “Circular”), 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 entitled the Group to use such facilities for 50 years from the date of completion of the developments. The prepaid rental expense for the development project in Beijing was completed in December 2001. The development project in Haichang, Xiamen was completed in December 2003. The prepaid rental expenses were unsecured and interest free. The prepaid rental expenses for each of the said development project are amortised on a straight line basis over 50 years from the date of completion.

*Jin Tian Cheng Development Co., Ltd. (“Jin Tian Cheng”)*

As disclosed in the Prospectus and the Circular, Xiamen BMW Automobiles Service Co., Ltd. (“Xiamen BMW”), a wholly owned subsidiary of the Company and Jin Tian Cheng entered into a project co-operation agreement for the construction of a service and maintenance centre in Fuzhou on 10 August 2001, as supplemented by an agreement dated 7 December 2001, an agreement dated 15 April 2002 and the Third Supplemental Agreement.

With reference to the announcement made regarding the Proposed Termination of the Fuzhou Service Centre Co-operation Project and Proposed Release of Securities Under the Indemnity and Guarantee Arrangement dated 25 January 2005, the Group has reached an agreement in principle with Jin Tian Cheng and North Anhua to terminate the Fuzhou Service Centre Co-operation Centre and the Director proposed that subject to approval by the independent shareholders of the Company to (i) terminate the Fuzhou Service Centre Co-operation Project and enter into the Termination Agreement (the “Termination Agreement”); (ii) not to enforce the rights of the Group under the relevant agreements to claim against North Anhua and Jin Tian Cheng and against the Indemnifiers that Jin Tian Cheng repays the prepayment to the Group in accordance with the proposed schedule; and (iii) release to the Indemnifiers and the Guarantor the Securities held in escrow to secure the performance of the obligations of the Indemnifiers and the Guarantor upon repayment of the prepayment by Jin Tian Cheng in full.

Under the Proposal, it is proposed that Jin Tian Cheng will repay the amount of RMB6,650,000 (without interest thereon), being the prepayment paid by the Group to Jin Tian Cheng to finance the construction cost of the Fuzhou service centre as to RMB1,000,000 upon the signing of the Termination Agreement; and as to RMB5,650,000 within three months after the signing of the Termination Agreement (the “Repayment Schedule”). The Repayment Schedule is based on the negotiation between the Group and Jin Tian Cheng and North Anhua taking into account the fact that Jin Tian Cheng would not agree to repay the Prepayment in one lump sum upon the signing of the termination agreement and the time cost that would involve in pursuing a claim against Jin Tian Cheng in the PRC. Jin Tian Cheng agreed in principal to repay the Prepayment according to the Repayment Schedule and the Group has not suffered any loss or damage as a result of the delay in the completion of the construction of the Fuzhou service centre. The above proposals were approved by the independent shareholders at an extraordinary general meeting of the Company on 29 April 2005.

### *Other Receivables due from the NAGC Group*

The other receivables due from the NAGC Group as at 31 March 2005 amount to S\$64,000 (equivalent to approximately HK\$302,000) (as at 31 December 2004: S\$63,000; equivalent to approximately HK\$300,000) represented the payment made on behalf of CNA Anhua (Hertz) for purchasing of auto parts in Hong Kong and the PRC.

### *Guarantees to NAGC Group*

As at 31 March 2005, guarantees of the amount of approximately S\$4,620,000 (equivalent to approximately HK\$21,792,000) (as at 31 December 2004: S\$4,581,000; equivalent to approximately HK\$21,814,000) have been provided to a bank in respect of banking facilities granted to Beijing China Automotive Anhua Spare Parts Ltd. (“BCNA”) (a company which is owned as to 45% by CNA Anhua (Hertz), a wholly owned subsidiary of NAGC). As stated in the “Statement of Business Objectives” in the Prospectus, the Group need to provide financial assistance to the Three Sub-licensees in the form of bank guarantees. The guarantees were given to a bank in relation to the banking facilities for the Three Sub-licensees to operate the car rental business in their designated regions in the PRC.

### *Advances to the NAGC Group*

Approximately S\$2,306,000 (equivalent to approximately HK\$10,877,000) (as at 31 December: S\$2,224,000; equivalent to approximately HK\$10,590,000) were advanced to NAGC Group. The advances were for their purchase of automobiles and related import tax expenses so as to leverage the distribution network of NAGC Group for marketing and promotional purposes. 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 permitted to import and are eligible to import motor vehicles into the PRC. The Directors considered that the Group’s reliance on NAGC in promoting sales of imported cars in the PRC and the provision of advances to NAGC by the Group in this regard are normal commercial practice. The advances were unsecured, interest free and repayable in or before August 2005.

### *Advances to Xiamen Zhong Bao\**

**Pursuant to Rule 17.16 of the GEM Listing Rules, a disclosure obligation arises when the increase of relevant advances to an entity from the Company exceed 3% of the Group’s Market Capitalization.**

As at 31 March 2005, the advances due from Xiamen Zhong Bao amounted to approximately S\$18,678,000 (equivalent to approximately HK\$88,104,000) (With reference to the disclosure in the annual report of the Group dated 31 March 2005 (“Annual Report 2004”), as at 31 January 2005: approximately S\$17,262,000 (equivalent to approximately HK\$82,200,000)). Among the total advances, approximately S\$15,229,000 (equivalent to approximately HK\$71,835,000) (as at 31 January 2005: S\$15,160,000; equivalent to approximately HK\$72,190,000) 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. Another proportion among the total advances, of which approximately S\$3,449,000 (equivalent to approximately HK\$16,269,000) (as at 31 January 2005: approximately S\$2,102,000; equivalent to approximately HK\$10,010,000) was technical and management 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 advances due from Xiamen Zhong Bao contributed to approximately 305% of the Group’s Market Capitalization. The advances were unsecured, interest free and repayable in or before August 2005.

The increments of advances (the “Increment”) were comparing the balances as at 31 March 2005 with the audited balance previously disclosed in the Annual Report 2004 of the Group. The Increment of advances from the Group to Xiamen Zhong Bao, being S\$1,416,000 (equivalent to approximately HK\$6,679,000) was a result of increase in sales of motor vehicles in the PRC. As Xiamen Zhong Bao placed additional purchase orders for meeting the demand of motor vehicles of its own customers, the need for advances has been raised, thereby raising technical fee income for the Group. The Directors considered the granting of advances and the trade receivables from Xiamen Zhong Bao are under normal commercial terms and in the ordinary course of business of the Group. The Increment represented an increase of 37% of the Market Capitalization.

\* Pursuant to Rule 17.16 of the GEM Listing Rules, the amount of advances were compared to the latest disclosure as stated in the Annual Report 2004 of the Group.

#### *Guarantees to Xiamen Zhong Bao*

Guarantees in the amount of approximately S\$6,965,000 (equivalent to approximately HK\$32,854,000) (as at 31 December 2004: S\$6,930,000; equivalent to approximately HK\$33,000,000) were provided to a bank in respect of banking facilities granted to Xiamen Zhong Bao. The guarantees were for the bank facilities granted for the use in car trade business of Xiamen Zhong Bao.



## DISCLOSURE OF TRADE RECEIVABLES PURSUANT TO RULE 17.15 OF GEM LISTING RULES

As at 31 March 2005, each of the following trade receivables from customers of the Group exceeds 8% of the Company's Market Capitalization.

All the following companies are independent of any of the Directors, the chief executives of the Group, the management shareholders and the substantial shareholders (within the meaning of 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 in the GEM Listing Rules). The Directors considered such receivables as an ordinary course of the Group's business and on normal commercial terms. All the amounts were unsecured and interest free.

	<b>(Unaudited)</b>		<b>% of Total Market Capitalization</b>
	<b>As at</b>		
	<b>31 March 2005</b>		
	<i>S\$'000</i>	<i>HK\$'000</i>	
Jung Xin Automobiles Trading Co. Ltd.	2,382	11,236	<b>38.9%</b>
Tianjin Chi Meng International Trade Co. Ltd.	1,132	5,340	<b>18.5%</b>
Xiamen Xin Cheng Gung Auto Co. Ltd.	2,204	10,396	<b>36.0%</b>
Yuet Join Industrial Co. Ltd.	1,469	6,929	<b>24.0%</b>
Forever Fortune Trading Co.	1,391	6,561	<b>22.7%</b>
Xiamen Feng Chi Automobiles Trading Co. Ltd.	1,888	8,906	<b>30.8%</b>
	<u>10,466</u>	<u>49,368</u>	
Total	<u>10,466</u>	<u>49,368</u>	

The trade receivables due from Jung Xin Automobiles Co. Ltd. ("Jung Xin"), amounted to approximately S\$2,382,000 (equivalent to approximately HK\$11,236,000). The receivables were incurred as a result of sales of motor vehicles in the PRC to Jung Xin and were repayable by the end of August 2005. The trade receivables due from Jung Xin were approximately 38.9% of the Group's Market Capitalization.

The trade receivables due from Tianjin Chi Meng International Trade Co. Ltd., ("Tianjin Chi Meng"), amounted to approximately S\$1,132,000 (equivalent to approximately HK\$5,340,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of July 2005. The trade receivables due from Jung Xin were approximately 18.5% of the Group's Market Capitalization.

The trade receivables due from Xiamen Xin Cheng Gung Auto Co. Ltd., (“Xiamen Xin Cheng Gung”), amounted to approximately S\$2,204,000 (equivalent to approximately HK\$10,396,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of July 2005. The trade receivables due from Xiamen Xin Cheng Gung were approximately 36% of the Group’s Market Capitalization.

The trade receivables due from Yuet Join Industrial Co. Ltd., (“Yuet Join”), amounted to approximately S\$1,469,000 (equivalent to approximately HK\$6,929,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of May 2005. The trade receivables due from Yuet Join were approximately 24% of the Group’s Market Capitalization.

The trade receivables due from Forever Fortune Trading Co., (“Forever Fortune”), amounted to approximately S\$1,391,000 (equivalent to approximately HK\$6,561,000). The receivables were incurred as a result of sales of motor vehicles in the PRC to Forever Fortune and were repayable by the end of August 2005. The trade receivables due from Forever Fortune were approximately 22.7% of the Group’s Market Capitalization.

The trade receivables due from Xiamen Feng Chi Automobiles Trading Co. Ltd., (“Xiamen Feng Chi”), amounted to approximately S\$1,888,000 (equivalent to approximately HK\$8,906,000). The receivables represented the outstanding balances from sales of motor vehicles in the PRC to Xiamen Feng Chi and were repayable by the end of July 2005. The trade receivables due from Xiamen Feng Chi were approximately 30.8% of the Group’s Market Capitalization.

#### **COMPLIANCE WITH RULE 5.28 TO 5.39 OF THE GEM LISTING RULES**

During the three months ended 31 March 2005, none of the Directors of the Company was aware of any information that would reasonable indicate that the Company or any of its subsidiaries was 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 in compliance with the GEM Listing Rules on 5 June 2002. The audit committee comprises three independent non-executive Directors, namely Mr. Yin Bin, Mr. Zhang Lei and Mr. Lee Kwok Yung. 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. The audit committee has received the quarterly results and provided comments.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2005.

*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  
**G.A. Holdings Limited**  
**Chan Hing Ka Anthony**  
*Chairman and Managing Director*

Hong Kong, 12 May 2005