



**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)*



Third 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.**

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*This report, for which the directors of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on 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 nine months ended 30 September 2005.

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months and nine months ended 30 September 2005*

		(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
		2005	2004	2005	2004
	Notes	S\$'000	S\$'000	S\$'000	S\$'000
<b>Turnover</b>	3	<b>44,802</b>	22,529	<b>96,108</b>	86,208
Other revenue and gains	3	<b>532</b>	325	<b>1,323</b>	658
		<b>45,334</b>	22,854	<b>97,431</b>	86,866
Cost of inventories		<b>(38,963)</b>	(20,246)	<b>(84,638)</b>	(77,632)
Staff costs		<b>(538)</b>	(441)	<b>(1,389)</b>	(1,317)
Depreciation and amortisation		<b>(364)</b>	(289)	<b>(1,022)</b>	(751)
Minimum lease payments for operating leases		<b>(54)</b>	(67)	<b>(188)</b>	(189)
Exchange differences, net		<b>(1,662)</b>	(291)	<b>(1,660)</b>	(191)
Other operating expenses		<b>(2,158)</b>	(1,060)	<b>(3,856)</b>	(3,490)
<b>Profit from operating activities</b>		<b>1,595</b>	460	<b>4,678</b>	3,296
Finance costs, net		<b>(719)</b>	(400)	<b>(1,904)</b>	(1,292)
<b>Profit before taxation</b>		<b>876</b>	60	<b>2,774</b>	2,004
Taxation	4	<b>(291)</b>	(42)	<b>(626)</b>	(551)
<b>Profit for the period</b>		<b>585</b>	18	<b>2,148</b>	1,453
<b>Attributed to:</b>					
Shareholders of the parent company		<b>590</b>	23	<b>2,163</b>	1,468
Minority interests		<b>(5)</b>	(5)	<b>(15)</b>	(15)
<b>Profit for the period</b>		<b>585</b>	18	<b>2,148</b>	1,453
Earnings per share – Basic (cents)	5	<b>0.15</b>	0.01	<b>0.54</b>	0.37

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2004 and 2005

	Issued capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Minority interests S\$'000	Total S\$'000
As at 1 January 2004	9,040	4,006	1,689	(302)	8,880	-	23,313
Minority interests (as previously presented separately from liabilities and equity at 31 December)	-	-	-	-	-	452	452
<b>Net losses not recognised in income statement</b>							
Translation difference	-	-	-	(330)	-	(3)	(333)
Profit/(loss) for the period	-	-	-	-	1,468	(15)	1,453
As at 30 September 2004	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(632)</u>	<u>10,348</u>	<u>434</u>	<u>24,885</u>
As at 1 January 2005	9,040	4,006	1,689	(1,136)	10,621	418	24,638
<b>Net gains not recognised in income statement</b>							
Translation difference	-	-	-	1,429	-	21	1,450
Profit/(loss) for the period	-	-	-	-	2,163	(15)	2,148
As at 30 September 2005	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>293</u>	<u>12,784</u>	<u>424</u>	<u>28,236</u>

*Notes:*

### **1. Basis of Preparation**

The unaudited condensed consolidated financial results have been prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) and the Hong Kong Accounting Standards (“HKAS”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation adopted in these unaudited condensed consolidated financial results are consistent with those adopted in the Company’s Annual Report for the year ended 31 December 2004 except for the new adoption of Hong Kong Financial Reporting Standards (“HKFRSs”) and HKAS as disclosed in note 2 below. Due to the new adoption of such HKFRSs and HKASs, certain comparative figures previously reported have been restated to comply with the new requirements.

These unaudited condensed consolidated financial results have been reviewed by the audit committee of the Company and were approved by the board of directors on 11 November 2005.

### **2. Impact of new/revised HKFRSs and HKASs**

The HKICPA has issued a number of new HKFRSs and HKASs and Interpretations, which are effective for the accounting periods commencing on or after 1 January 2005. The Group has adopted the following HKAS issued up to 30 September 2005 which are pertinent to its operations and relevant to these financial results.

The adoption of HKAS 1 “Presentation of Financial Statements” has affected the presentation of minority interests, which are now shown within equity. On the face of the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period.

### **3. Turnover**

The Company is an investment holding company. Its subsidiaries are principally engaged in; distribution of motor vehicles; provision of after-sales services and trading of auto parts; provision of management consulting and technical assistance; provision of management consulting and technical expertise to the car rental sub-licensees.

Turnover and revenue recognized by category are as follows:

	<b>(Unaudited)</b> <b>three months ended</b> <b>30 September</b>		<b>(Unaudited)</b> <b>nine months ended</b> <b>30 September</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
<b>Turnover:</b>				
Sales of motor vehicles	<b>42,091</b>	19,454	<b>86,729</b>	78,353
Servicing of motor vehicles and sales of auto parts	<b>2,293</b>	1,973	<b>5,801</b>	4,302
Technical fee income	<b>134</b>	817	<b>2,735</b>	2,695
Management fee income	<b>284</b>	285	<b>843</b>	858
	<b>44,802</b>	22,529	<b>96,108</b>	86,208
<b>Other revenue and gains:</b>				
Rental income	<b>465</b>	248	<b>1,162</b>	495
Other income and gains	<b>67</b>	77	<b>161</b>	163
	<b>532</b>	325	<b>1,323</b>	658

#### 4. Taxation

The charge comprises:

	<b>(Unaudited)</b> <b>three months ended</b> <b>30 September</b>		<b>(Unaudited)</b> <b>nine months ended</b> <b>30 September</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
Current – Hong Kong				
Charge for the period	<b>291</b>	103	<b>571</b>	417
Current – Elsewhere				
((over)/under provision in prior period/current period provision)	<b>–</b>	(61)	<b>55</b>	134
	<b>291</b>	42	<b>626</b>	551

Hong Kong profit tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the nine months ended 30 September 2005 and 2004. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Groups operates, based on existing legislation, interpretations and practices in respect thereof.

## 5. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2005 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$590,000 (2004: S\$23,000) and on the 400,000,000 (2004: 400,000,000) ordinary shares in issue during the three months ended 30 September 2005.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2005 and 2004 respectively.

The calculation of basic earnings per share for the nine months ended 30 September 2005 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$2,163,000 (2004: S\$1,468,000) and on the 400,000,000 (2004: 400,000,000) ordinary shares in issue during the nine months ended 30 September 2005.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2005 and 2004 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

With the overall encouraging business atmosphere in the PRC, the Group's turnover boosted with net profit up approximately 47.3% for the nine months ended 30 September 2005 on comparison to the corresponding period in 2004. The performance of the third quarter soared and compensated the down trend in the second quarter, contributing to a satisfying result. The implementation of the Policies on Motor Vehicles Trading, Measures Governing Auto Brand Selling and the Measures Governing Second-hand Motor Vehicles Trading by the PRC government benefited the Group's business by eliminating incompetent competitors from the industry. Followed by the appreciation on the RMB currency, launch of new BMW series, the demand for high-end automobiles is further stimulated. As mentioned in the Interim report, the scraping of quotas rouse the demand for passenger vehicles in the PRC led to a prosperous results in the third quarter.

### 1. *Sales of motor vehicles*

Turnover generated from the sales of motor vehicles for the nine months ended 30 September 2005 was approximately S\$86,729,000, representing an increase of approximately 10.7% as compared to the corresponding period in 2004. The increase was mainly due to the increment in sales of higher-priced motor vehicles. The sales of motor vehicles comprise 90.2% of the total turnover. As a comparison to the corresponding period last year, there recorded a decrease of approximately 0.7% on the composition of turnover in year 2005.

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

Turnover generated from servicing of motor vehicles and sales of auto parts for the nine months ended 30 September 2005 increased by approximately 34.8% to approximately S\$5,801,000. The increase was mainly due to the increase in service capacity following the relocation of service centre in Xiamen.

### 3. *Technical fee income*

Technical fee income for the nine months ended 30 September 2005 was approximately S\$2,735,000, increased by approximately 1.5% as compared to the corresponding period in 2004 as number of cars sold increased.

### 4. *Management fee income*

For the nine months ended 30 September 2005, the management fee income was approximately S\$843,000. This represented a slight decrease of approximately 1.7% compared to the corresponding period last year. The decrease was incurred as the annual fee charge was reduced by mutual agreement of the three car rental sub-licensees and the Group.

### 5. *Car rental business*

The operation of car rental business in Hong Kong has been expanded steadily. In addition to the establishing of extra service location, the Group acquired more cars and employed more staff to provide services of higher quality to the car rental customers. Increased fleet size and diversified marketing strategies sparks an extensive approach to reach out different targeted customer segments thereby increases sales.



## PROSPECTS

Looking forward to the benefits on the PRC's adaptation of WTO's commitments on the automotive industry, the Group is managing to solidify its strategic market position. With low penetration rates, increasing per capita income of the PRC citizen and the booming of the PRC economy, China is foreseen to be a potential huge market. The Group will surely benefit from the gradual WTO effect which promised whereby both foreign and Chinese based automotive companies will be able to distribute automobiles and parts freely in any part of China. Steady and modest growth is confidently anticipated. We look forward to a further decrease in tariff of imported cars in early 2006. The Group will align the market much more closely to the consumer demand in the PRC to grasp the best chance for market expansion.

For the car rental business in the PRC, the sub-licensees car rental agreements entered into between CNA Anhua (Tianjin), subsidiary of the Group, to CNA Anhua (Beijing), CNA Anhua (Shanghai) and CNA Anhua (Guangzhou) Car Rental Companies expired in November 2005. Meanwhile the negotiation of sub-license agreement is in progress.

## FINANCIAL REVIEW

### TURNOVER

Turnover for the nine months ended 30 September 2005 increased by approximately 11.5% to approximately S\$96,108,000 as compared to the corresponding period in 2004. The increase was mainly attributed by the increase of sales of higher-priced motor vehicles. For the nine months ended 30 September 2005, the sales of motor vehicles increased by approximately 10.7%, while the turnover generated from servicing of motor vehicles and sales of auto parts and technical fee income recorded increases as well.

### GROSS PROFIT

The gross profit for the nine months ended 30 September 2005 was approximately S\$11,470,000, an increase of approximately 33.7% as compared to the corresponding period in 2004. The increase in gross profit was due to increased sales for motor vehicles and increased revenue generated from the segment of servicing of motor vehicles. The gross profit margin for the nine months ended 30 September 2005 was approximately 11.9%, up 2% of the corresponding period in 2004. The increase in gross profit margin resulted from increase in contribution from sales, technical income and servicing income on the total group turnover.

### **EXCHANGE DIFFERENCE**

For the nine months ended 30 September 2005, the exchange loss of the Group amounted to approximately S\$1,660,000, whereas exchange loss amounted to approximately S\$191,000 was recorded for the corresponding period in 2004. The exchange difference was mainly realized loss resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

### **OTHER OPERATING EXPENSES**

For the nine months ended 30 September 2005, other operating expenses were approximately S\$3,856,000 representing an increase of approximately 10.5% as compared to the corresponding period in 2004. The increase was mainly due to the increase in operating cost of the car rental business in Hong Kong. The car rental business was steadily expanded both in terms of the size car fleet and service counters.

### **PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY**

The profit attributed to the shareholders of the parent company for the nine months ended 30 September 2005 amounted to approximately S\$2,163,000 representing an increase of approximately 47.3% compared to the corresponding period in 2004. The increase was mainly due to the increment in contributions from the sales and servicing of motor vehicles.

### **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2005 (2004: Nil).

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

As at 30 September 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				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
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:

- 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.
- 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 30 September 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 30 September 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

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 1)	74,432,000	18.61%
ComfortDelGro Corporation Limited	Interest of a controlled corporation (Note 2)	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 Him 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 Him Her and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Him 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 30 September 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**

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 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 capitalisation as defined in Chapter 19 of the GEM Listing Rules (the "Market Capitalisation"). As at 30 September 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\$0.0716 as quoted on the Stock Exchange for the trading days from 23 September 2005 to 29 September 2005 (both days inclusive), being the five trading days immediately preceding 30 September 2005, the Company's Market Capitalisation was approximately HK\$28.64 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"), decreased from a total of approximately S\$45,122,000 (equivalent to approximately HK\$210,850,000) as at 30 June 2005 to a total of approximately S\$41,036,000 (equivalent to approximately HK\$189,108,000) as at 30 September 2005. NAGC is not connected with the Company, the Directors, chief executive, substantial shareholder or management shareholder of the Company and its subsidiaries or any of their respective associates.

As at 30 September 2005, the total advances, guarantees and trade receivables provided to and due from NAGC Group represented approximately 660% of the Company's Market Capitalisation and represented approximately 52% of the unaudited total asset value of the Group as at 30 June 2005.



The details of the transactions to the NAGC Group, which were of trading nature and remain outstanding as at 30 September 2005, were set out as below:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 September 2005</b>		<b>30 June 2005</b>	
	<i>S\$'000</i>	<i>HK\$'000</i>	<i>S\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>854</b>	3,936	<b>559</b>	2,612
Car rental advances	<b>1,747</b>	8,051	<b>1,688</b>	7,888
Prepaid rental expenses	<b>7,208</b>	33,217	<b>8,499</b>	39,715
Other receivables	<b>65</b>	300	<b>64</b>	299
Guarantees to NAGC Group	<b>4,721</b>	21,756	<b>4,656</b>	21,757
Advances to NAGC	<b>4,992</b>	23,005	<b>2,329</b>	10,883
Advances to Xiamen Zhong Bao	<b>14,169</b>	65,295	<b>20,292</b>	94,822
Guarantees to Xiamen Zhong Bao	<b>7,280</b>	33,548	<b>7,035</b>	32,874
	<b><u>41,036</u></b>	<u>189,108</u>	<b><u>45,122</u></b>	<u>210,850</u>

#### **TRADE RECEIVABLES DUE FROM THE NAGC GROUP**

The trade receivables due from the NAGC Group as at 30 September 2005 amounted to approximately S\$854,000 (equivalently to approximately HK\$3,936,000) (as at 30 June 2005: S\$559,000; equivalent to approximately HK\$2,612,000). The amount represented management fee charged on provision of management consulting and technical expertise to three 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, and (ii) Shanghai China National Automotive Anhua Automobiles Services Co., Ltd. (the "Shanghai Sub-licensees"), a company of which is owned as to 90% by NAGC, and (iii) Guangzhou China National Automotive Anhua Automobiles Services Co., Ltd. (the "Guangzhou Sub-licensees"), a company of which is owned as to 90% by NAGC (collectively the "Three Sub-licensees").

**CAR RENTAL ADVANCES DUE FROM NAGC**

As at 30 September 2005, approximately S\$1,747,000 (equivalent to approximately HK\$8,051,000) (as at 30 June 2005: S\$1,688,000; equivalent to approximately HK\$7,888,000) 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. The Three Sub-licensees are not affiliated companies of the Group as defined in the GEM Listing Rules. 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.

**PREPAID RENTAL EXPENSES DUE FROM NAGC**

As at 30 September 2005, prepaid rental expenses amounted to approximately S\$7,208,000 (equivalent to approximately HK\$33,217,000) (as at 30 June 2005: S\$8,499,000; equivalent to approximately HK\$39,715,000). The details of the nature of the transactions as already reported in the director’s report in the annual report for the year ended 31 December 2004.

**OTHER RECEIVABLES DUE FROM THE NAGC GROUP**

The other receivables due from the NAGC Group as at 30 September 2005 amount to S\$65,000 (equivalent to approximately HK\$300,000) (as at 30 June 2005: S\$64,000; equivalent to approximately HK\$299,000) 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 30 September 2005, guarantees of the amount of approximately S\$4,721,000 (equivalent to approximately HK\$21,756,000) (as at 30 June 2005: S\$4,656,000, equivalent to approximately HK\$21,757,000) 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) to provide financial assistance to the Three Sub-licensees in the form of bank guarantees to operate the car rental business in their designated regions in the PRC.



### **ADVANCES TO THE NAGC GROUP**

As at 30 September 2005, approximately S\$4,992,000 (equivalent to approximately HK\$23,005,000) (as at 30 June 2005: S\$2,329,000; equivalent to approximately HK\$10,883,000) were advanced to NAGC Group. The advances were unsecured, interest free and repayable in or before February 2006. The details and the nature of the transactions are as reported in the director's report in the annual report for the year ended 31 December 2004.

### **ADVANCES TO XIAMEN ZHONG BAO**

As at 30 September 2005, advances of approximately S\$14,169,000 (equivalent to approximately HK\$65,295,000) (as at 30 June 2005: S\$20,292,000; equivalent to approximately HK\$94,822,000) were advanced to Xiamen Zhong Bao. Among the total advances, approximately S\$11,787,000 (equivalent to approximately HK\$54,318,000) 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. The remaining balance of S\$2,382,000 (equivalent to approximately HK\$10,977,000) were the 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 from Xiamen Zhong Bao were unsecured, interest free and repayable in or before February 2006.

### **GUARANTEES TO XIAMEN ZHONG BAO**

Guarantees in the amount of approximately S\$7,280,000 (equivalent to approximately HK\$33,548,000) (as at 30 June 2005: S\$7,035,000; equivalent to approximately HK\$32,874,000) 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 30 September 2005, each of the following trade receivables from customers of the Group exceeds 8% of the Company's Market Capitalisation.

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. The amounts were unsecured and interest free.

	(Unaudited)		% of Total Market Capitalization
	As at		
	31 September 2005		
	S\$'000	HK\$'000	
Beijing Hui Long Xin Trading Co. Ltd.	2,210	10,184	35.6%
Jung Xin Automobiles Trading Co Ltd.	1,485	6,843	23.9%
Tianjin Chi Meng International Trade Co. Ltd.	2,626	12,101	42.3%
Xiamen C & D Inc.	3,845	17,719	61.9%
Xiamen Xin Cheng Gung Auto Co. Ltd.	1,048	4,829	16.9%
Forever Fortune Trading Co. Ltd.	943	4,346	15.2%
Xiamen Feng Chi Automobiles Trading Co. Ltd.	2,503	11,535	40.3%
Fuzhou Zhong Bao Trading Co. Ltd.	1,185	5,461	19.1%
	<u>15,845</u>	<u>73,018</u>	

As at 30 September 2005, the trade receivables due from Beijing Hui Long Xin Trading Co. Ltd., ("Beijing Hui Long Xin"), amounted to approximately S\$2,210,000 (equivalent to approximately HK\$10,184,000). The receivables represented the outstanding balances from sales of motor vehicles in the PRC to Beijing Hui Long Xin and were repayable by the end of December 2005. The trade receivables due from Beijing Hui Long Xin were approximately 35.6% of the Group's Market Capitalisation.

As at 30 September 2005, the trade receivables due from Jung Xin Automobiles Trading Co Ltd., ("Jung Xin"), amounted to approximately S\$1,485,000 (equivalent to approximately HK\$6,843,000). The receivables represented the outstanding balances from sales of motor vehicles in the PRC to Jung Xin and were repayable by the end of December 2005. The trade receivables due from Jung Xin were approximately 23.9% of the Group's Market Capitalisation.

As at 30 September 2005, the trade receivables due from Tianjin Chi Meng International Trade Co. Ltd., ("Tianjin Chi Meng"), amounted to approximately S\$2,626,000 (equivalent to approximately HK\$12,101,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of December 2005. The trade receivables due from Tianjin Chi Meng were approximately 42.3% of the Group's Market Capitalisation.

As at 30 September 2005, the trade receivables due from Xiamen C & D Inc., (“Xiamen C & D”), amounted to approximately S\$3,845,000 (equivalent to approximately HK\$17,719,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of December 2005. The trade receivables due from Xiamen C & D were approximately 61.9% of the Group’s Market Capitalisation.

As at 30 September 2005, the trade receivables due from Xiamen Xin Cheng Gung Auto Co. Ltd., (“Xiamen Xin Cheng Gung”), amounted to approximately S\$1,048,000 (equivalent to approximately HK\$4,829,000). The receivables represented the outstanding balances from sales of motor vehicles and were repayable by the end of December 2005. The trade receivables due from Xiamen Xin Cheng Gung were approximately 16.9% of the Group’s Market Capitalisation.

As at 30 September 2005, the trade receivables due from Forever Fortune Trading Co. Ltd., (“Forever Fortune”), amounted to approximately S\$943,000 (equivalent to approximately HK\$4,346,000). The receivables were incurred as a result of sales of motor vehicles in the PRC to Forever Fortune and were repayable by February 2006. The trade receivables due from Forever Fortune were approximately 15.2% of the Group’s Market Capitalisation.

As at 30 September 2005, the trade receivables due from Xiamen Feng Chi Automobiles Trading Co. Ltd., (“Xiamen Feng Chi”), amounted to approximately S\$2,503,000 (equivalent to approximately HK\$11,535,000). The receivables represented the outstanding balances from sales of motor vehicles in the PRC to Xiamen Feng Chi and were repayable by February 2006. The trade receivables due from Xiamen Feng Chi were approximately 40.3% of the Group’s Market Capitalisation.

As at 30 September 2005, the trade receivables due from Fuzhou Zhong Bao Trading Co. Ltd., (“Fuzhou Zhong Bao”), amounted to approximately S\$1,185,000 (equivalent to approximately HK\$5,461,000). The receivables represented the outstanding balances from sales of motor vehicles in the PRC to Fuzhou Zhong Bao and were repayable by February 2006. The trade receivables due from Fuzhou Zhong Bao were approximately 19.1% of the Group’s Market Capitalisation.

#### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the nine months ended 30 September 2005, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company also had 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.

## CORPORATE GOVERNANCE

The Company has complied with the standards and requirements concerning board practices and procedures of the Board as set out in Rules 5.34 of the GEM Listing Rules. The Board also considers that the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Rule 5.28 of 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.

These unaudited condensed consolidated financial results have been reviewed by the audit committee of the Company and were approved by the board of directors on 11 November 2005.

## 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 nine months ended 30 September 2005.

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

Hong Kong, 11 November 2005