

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in G.A. Holdings Limited, you should at once hand this circular to the purchaser(s) or to the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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G.A. HOLDINGS LIMITED

G.A. 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)*
(Stock Code: 8126)

**PROPOSED TERMINATION OF
THE FUZHOU SERVICE CENTRE CO-OPERATION PROJECT
AND
PROPOSED RELEASE OF SECURITIES UNDER
THE INDEMNITY AND GUARANTEE ARRANGEMENT**

Independent Financial Adviser to the Independent Board Committee



FIRST SHANGHAI CAPITAL LIMITED

This circular, for which the directors (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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

A letter from the independent board committee of the Company containing its recommendations to the independent shareholders of the Company is set out on page 14 of this circular and a letter from First Shanghai Capital Limited, the independent financial adviser to the independent shareholders of the Company, containing its advice and recommendations to the independent shareholders of the Company is set out on pages 15 to 21 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Unit 1206, 12th Floor, Nine Queen’s Road Central, Hong Kong on Friday, 29 April 2005 at 11:00 a.m. is set out on pages 26 to 28 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the meeting if they so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting

CHARACTERISTICS OF GEM

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 arising 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 to 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 announcement in gazetted newspaper. 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.

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DEFINITIONS

In this circular, unless otherwise defined, terms used herein shall have the following meaning:

“Affluence Investment”	Affluence Investment International Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Loh, one of the Indemnifiers. It is the registered holder of 16,000,000 Shares as at the Latest Practicable Date;
“Announcement”	the announcement made by the Company dated 9 December 2003;
“associates”	has the meaning ascribed thereto under the GEM Listing Rules;
“BMW AG”	Bayerische Motoren Werke Aktiengesellschaft, a Germany-based company that engages in the design, manufacturing and sale of motor vehicles under the brand name of BMW or where the context so requires, its subsidiaries, associated or affiliated companies;
“Board”	the board of Directors;
“Mr. Chan”	Mr. Chan Hing Ka Anthony, the Chairman and Managing Director of the Company;
“Cangshan Land”	the land located at Fujian Province, Fuzhou City, Cangshan Science Park on which the Fuzhou service centre is to be located;
“Circular”	the circular issued by the Company dated 6 January 2004;
“CNA Anhua (Hertz)”	中汽安華赫茲汽車服務有限公司 (China National Automotive Anhua Hertz Services Centre Co., Ltd*), a company established in the PRC and a wholly owned subsidiary of North Anhua;
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules;
“Co-operation Projects”	the co-operation projects between the Group and CNA Anhua (Hertz) and the Fuzhou Service Centre Co-operation Project;
“Company”	G.A. Holdings Limited (carrying on business in Hong Kong under the trading name of German Automobiles International Limited), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Growth Enterprise Market of the Stock Exchange;

DEFINITIONS

“Deed of Confirmation”	the deed of confirmation dated 26 January 2004 given by the Indemnifiers and the Guarantor in favour of the Group in supplemental to the Deed of Indemnity and Guarantee;
“Deed of Indemnity and Guarantee”	the deed of indemnity and guarantee dated 5 June 2002 given by the Indemnifiers in favour of the Group and the underwriters named therein and guaranteed by the Guarantor, as supplemented by the Deed of Confirmation;
“Directors”	the directors of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting to be convened for the approval of the Resolutions, a notice for convening the meeting is set out on pages 26 to 28 of this circular;
“Fuzhou BMW”	福州寶馬汽車服務有限公司 (Fuzhou BMW Automobiles Service Co., Ltd.*), a wholly foreign owned enterprise established in the PRC by German Automobiles Pte Limited, a wholly owned subsidiary of the Company;
“Fuzhou Service Centre Co-operation Project”	the co-operation project to construct a maintenance and service centre in Fuzhou pursuant to the project co-operation agreement dated 10 August 2001 entered into between Xiamen BMW Automobiles Service Co., Ltd. and Jin Tian Cheng as supplemented by two agreements dated 7 December 2001 and 15 April 2002, respectively entered into amongst Xiamen BMW Automobiles Service Co., Ltd., Jin Tian Cheng and North Anhua and the Third Supplemental Agreement;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries;
“Guarantor”	Loh & Loh Construction Group Ltd., the guarantor to the obligations of the Indemnifiers under the Deed of Indemnity and Guarantee. It is the registered holder of 74,432,000 Shares as at the Latest Practicable Date;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Indemnifiers”	Mr. Chan and Mr. Loh;
“Independent Board Committee”	the independent board committee comprising the Independent Non-executive Directors;

DEFINITIONS

“Independent Financial Adviser”	First Shanghai Capital Limited, a corporation licenced under the SFO to carry out regulated activity type 6 (advising on corporate finance);
“Independent Non-executive Directors”	Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei, all of whom are independent non-executive Directors;
“Independent Shareholders”	Shareholders other than the executive Directors, Mr. Loh, North Anhua and their connected persons and their respective associates;
“Jin Tian Cheng”	北京金天成科貿發展有限公司 (Jin Tian Cheng Development Co., Ltd.*), a company established in the PRC and is owned as to 10% by North Anhua and the remaining interest is owned by independent third parties not connected with the Directors, chief executive, substantial shareholders (as defined in the GEM Listing Rules) or management shareholders (as defined in the GEM Listing Rules) of any member of the Group or any of their respective associates;
“Land Agreement”	the agreement dated 27 July 2004 and entered into between Fuzhou BMW and the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) in relation to the Cangshan Land;
“Latest Practicable Date”	8 April 2005, the latest practicable date before the printing of this circular for ascertaining certain information contained herein;
“Mr. Loh”	Mr. Loh Kim Her, an executive Director until his resignation on 9 July 2004 and a substantial shareholder of the Company (within the meaning of the GEM Listing Rules);
“North Anhua”	北方安華集團公司 (North Anhua Group Corporation*), a state owned company established in the PRC;
“PRC”	The People’s Republic of China and for the sole purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“PRC partners”	CNA Anhua (Hertz), North Anhua and Jin Tian Cheng;
“Prepayment	the amount of RMB6,650,000 prepaid by the Group to Jin Tian Cheng for financing the cost of construction of the Fuzhou service centre;

DEFINITIONS

“Prospectus”	the prospectus issued by the Company dated 10 June 2002 in connected with the placing of the shares of the Company and the listing of the shares on the GEM;
“Proposal”	the proposal to terminate the Fuzhou Service Centre Co-operation Project and to release the Indemnifiers and the Guarantor from their obligations under the Deed of Indemnity and Guarantee (as supplemented by a Deed of Confirmation);
“Regulations”	協議出讓國有土地使用權規定 (Regulations in relation to the agreements to transfer State-owned Land Use Rights) which came into force on 1 August 2003;
“Repayment Schedule”	the repayment of the Prepayment to the Group by Jin Tian Cheng 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;
“Resolutions”	the resolutions regarding Proposal to be proposed for the approval and consideration of the Independent Shareholders at the Extraordinary General Meeting, as set out in the notice of the Extraordinary General Meeting set out on pages 26 to 28 of this circular;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Securities”	the securities provided by the Indemnifiers and the Guarantor to secure the obligations of the Indemnifiers under the Deed of Indemnity and Guarantee, comprised of 77,148,000 Shares, one share in each of Tycoons Investment and Affluence Investment and 2.2 million shares in the share capital of the Guarantor (the 2.2 million shares are held by the Indemnifiers, Mr. Loh Nee Peng, an executive Director and Mr. Loh Boon Cha) and cash in the amount of HK\$10,000,000 together with interest accrued thereon;
“Share(s)”	shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Termination Agreement”	The termination agreement proposed to be entered into among Xiamen BMW, Fuzhou BMW, Jin Tian Cheng and North Anhua in relation to the termination of the Fuzhou Service Centre Co-operation Project;

DEFINITIONS

“Third Supplemental Agreement”	the supplemental agreement dated 24 February 2004 entered into among Xiamen BMW, Fuzhou BMW, Jin Tian Cheng and North Anhua in relation to the Fuzhou Service Centre Co-operation Project;
“Tycoons Investment”	Tycoons Investment International Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Chan, one of the Indemnifiers. It is the registered holder of 32,000,000 Shares as at the Latest Practicable Date;
“Xiamen BMW”	廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.*), a sino-foreign co-operative joint venture established in the PRC between German Automobiles Pte Limited, a wholly owned subsidiary of the Company and 廈門經濟特區運輸總公司 (Xiamen Economic Special Zone Transportation Corporation*), the registered capital of which is entirely contributed by the Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“RMB”	Reminbi, the lawful currency of the PRC.

In this circular, unless otherwise required by the context, HK\$1.00=RMB1.06. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.

* for identification purposes only



G.A. HOLDINGS LIMITED

G.A. 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)*
(Stock Code: 8126)

Executive Directors:

Mr. CHAN Hing Ka, Anthony
(Chairman and Managing Director)
Mr. LOH Nee Peng
Mr. XU Ming

Independent Non-executive Directors:

Mr. YIN Bin
Mr. LEE Kwok Yung
Mr. ZHANG Lei

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
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Head Office:

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200 Bukit Timah Road
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*Principal place of business
in Hong Kong:*

Unit 1206, 12th Floor
9 Queen's Road Central
Hong Kong

11 April 2005

To the Shareholders

Dear Sir or Madam,

**PROPOSED TERMINATION OF
THE FUZHOU SERVICE CENTRE CO-OPERATION PROJECT
AND
PROPOSED RELEASE OF SECURITIES UNDER
THE INDEMNITY AND GUARANTEE ARRANGEMENT**

INTRODUCTION

On 25 January 2005, the Company made an announcement informing Shareholders that the Fuzhou Service Centre Co-operation Project has not been completed by the 31 December 2004 deadline and setting out the Proposal.

LETTER FROM THE BOARD

The Directors proposed that subject to approval of the Independent Shareholders to (i) terminate the Fuzhou Service Centre Co-operation Project and enter into 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 under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) provided that Jin Tian Cheng repays the Prepayment to the Group in accordance with the Repayment 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.

The Proposal is subject to the approval of the Independent Shareholders. The Termination Agreement will only be entered into upon obtaining approval of the Independent Shareholders. The Independent Non-executive Directors will seek the advice of an independent financial adviser to be appointed in respect of the Proposal. In the event the Resolutions are not approved by the Independent Shareholders, the Directors will consider other appropriate actions to claim against Jin Tain Cheng and North Anhua for the failure of Jin Tian Cheng to perform its obligations under the agreements of the Fuzhou Service Centre Co-operation Project in accordance with the terms therein and to seek refund of the Prepayment from Jin Tian Cheng, and where appropriate to claim against the Indemnifiers and the Guarantor under the Deed of Indemnity and Guarantee (as supplemented by a Deed of Confirmation).

The purpose of this circular is to provide to the Shareholders with (i) details of the Proposal; (ii) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Proposal, whether or not to vote for the Proposal and the fairness and reasonableness of the Proposal; and (iii) a notice for convening the Extraordinary General Meeting. The executive Directors, North Anhua and their connected persons and their respective associates will abstain from voting on the Resolutions to be proposed at the Extraordinary General Meeting.

BACKGROUND

Reference is made to the disclosure in the Prospectus, the Announcement and the Circular regarding the Fuzhou Service Centre Co-operation Project and the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) given by the Indemnifiers and the Guarantor in favour of the Group to indemnify the Group in respect of failure of the PRC partners to perform their respective obligations under the Co-operation Projects in accordance with the terms of the agreements. Except for the Fuzhou Service Centre Co-operation Project, all other Co-operation Projects have been completed within the timeframe stipulated in their respective agreements.

By a resolution passed by the independent Shareholders on 21 January 2004 and the Third Supplemental Agreement, the latest time for completion of the Fuzhou Service Centre Co-operation Project was extended to until 31 December 2004. Up to the Latest Practicable Date, the Fuzhou Service Centre Co-operation Project has not been completed.

Pursuant to the Deed of Indemnity and Guarantee, the Indemnifiers have undertaken to indemnify the Group, among others, in respect of loss and damages arising out of the failure of Jin Tian Cheng, to perform its obligations under the agreements for the Fuzhou Service Centre Co-operation Project. The obligations of the Indemnifiers are guaranteed by the Guarantor, and the obligations of the Indemnifiers and the Guarantor are secured by the Securities.

LETTER FROM THE BOARD

THE FUZHOU SERVICE CENTRE CO-OPERATION PROJECT

Background

As disclosed in the Prospectus and the Circular, 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, respectively.

Under the agreements, Jin Tian Cheng is responsible for constructing the service centre in accordance with the requirements of Fuzhou BMW on the Cangshan Land and assisting Fuzhou BMW to obtain (i) the required permits under the laws of the PRC for the construction of the Fuzhou service centre; and (ii) the appropriate title certificates for the Cangshan Land and the buildings thereon upon completion of the construction of the same.

Under the agreements for the Fuzhou Service Centre Co-operation Project, Jin Tian Cheng is responsible for the construction cost of the service centre. Prepayment in the amount of RMB6,650,000 have been paid by the Group to Jin Tian Cheng for financing the construction cost of the Fuzhou service centre. Details of the payment of the Prepayment were set out in the Circular. Upon completion of the construction of the Fuzhou service centre on the Cangshan Land and the obtaining of the certificate of completion in respect of the buildings comprising the Fuzhou service centre, Fuzhou BMW shall have the right to occupy the Fuzhou service centre for a term of 20 years at a monthly rental of RMB10,000. Pursuant to the Third Supplemental Agreement, the latest time for Jin Tian Cheng to complete the construction of the service and maintenance centre in Fuzhou was extended to 31 December 2004.

The obligations of Jin Tian Cheng under the agreements dated 7 December 2001 and 15 April 2002 and the Third Supplemental Agreement are guaranteed by North Anhua.

Status of the Fuzhou Service Centre Co-operation Project

In February 2003, the layout plan of the service and maintenance centre on the Cangshan Land has been submitted by the Group to the Beijing office of BMW AG for approval and yet to be approved. Based on the current layout plan of the service centre, it is estimated that the cost of construction of the service centre on the Cangshan Land is approximately RMB6.65 million (equivalent to approximately HK\$6.27 million), which is equivalent to the Prepayment.

As stated in the Circular, on 21 February 2003, the Fuzhou City Planning Bureau has approved the Cangshan Land as the location for the construction of the automobile servicing and maintenance centre project. On 27 July 2004, Fuzhou BMW entered into the Land Agreement with the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) in relation to the Cangshan Land. Pursuant to the Land Agreement, Fuzhou BMW is to acquire the Cangshan Land for a consideration of RMB6,891,500, payable in three instalments, as to RMB3,500,000 upon the signing of the Land Agreement, as to RMB1,500,000 within seven days upon approval of the Fuzhou City Land Use Rights Bureau; and as to RMB1,891,500 upon approval of the construction permit for the Cangshan Land. As at the Latest Practicable Date, an amount of RMB3,500,000, representing the first instalment of the consideration has been paid by the Group to the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室).

LETTER FROM THE BOARD

According to the Regulations, all agreements for transfer of State-owned land use right has to be approved by the relevant State Land Bureau after the issue of a public notice in relation to the transfer. The Company was informed by the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) that the public notification period in respect of the transfer of the Cangshan Land was made by the State Land Bureau on 13 October 2004 and has expired. However, the State Land Bureau has received objections from other business entities in relation to the transfer of the Cangshan Land to Fuzhou BMW on terms of the Land Agreement. Accordingly, the State Land Bureau cannot issue the confirmation for the transfer of the land use rights of the Cangshan Land under the Land Agreement. The Company was also informed that the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) is in the process of discussing the matter with the State Land Bureau to resolve the objections to the transfer of the Cangshan Land. The Company was advised by its legal adviser on PRC laws that failure to obtain the required confirmation from the State Land Bureau as a result of the objections to the transfer of the Cangshan Land is a force majeure event under the Land Agreement. The Company has also been advised by its legal adviser on PRC laws that in the event the confirmation cannot be obtained within a reasonable period of time, the Company can terminate the Land Agreement and request for a refund of the amount paid (which is RMB3,500,000, being the amount paid by the Group to the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) as at the Latest Practicable Date).

THE INDEMNITY AND GUARANTEE ARRANGEMENT

Pursuant to a Deed of Indemnity and Guarantee (as supplemented by a Deed of Confirmation), the Indemnifiers have undertaken to indemnify the Group in respect of the failure of the PRC partners to perform their respective obligations under the agreements for the Co-operation Project. The obligations of the Indemnifiers under the Deed of Indemnity and Guarantee are guaranteed by the Guarantor and the respective obligations of the Indemnifiers and the Guarantor are secured by the Securities.

As at the Latest Practicable Date, the Securities comprise of (1) 77,148,000 Shares, representing approximately 19.287% of the issued share capital of the Company as at the Latest Practicable Date (as to 32,000,000 Shares provided by Mr. Loh and registered in the name of Affluence Investment, as to 16,000,000 Shares provided by Mr. Chan and registered in the name of Tycoons Investment and as to 29,148,000 Shares by the Guarantor and registered in the name of the Guarantor); (2) one share in each of Tycoons Investment and Affluence Investment and 2.2 million shares in the capital of the Guarantor; and (3) cash in the amount of HK\$10,000,000, being the sale proceeds from the sale of 20,000,000 Shares by the Guarantor pursuant to the placing referred to in the Prospectus together with interest thereon. All the Securities are being held in escrow by the escrow agent as at the date of this circular. As at the Latest Practicable Date, the Securities have a value of approximately HK\$15.5 million, comprising Shares in the value of approximately HK\$5.2 million (based on the average closing price of the Shares for the five days up to 8 April 2005, being the Latest Practicable Date) and cash deposit in the amount of approximately HK\$10.3 million (sale proceeds from the sale of 20,000,000 Shares by the Guarantor pursuant to the placing referred to in the Prospectus together with interest thereon).

Up to the Latest Practicable Date, the Group has not suffered any loss or damages as a result of the delay in the completion of the Fuzhou service centre on the part of Jin Tian Cheng under the relevant agreements for the Fuzhou Service Centre Co-operation Project and the Group is not eligible for making any claim thereunder.

LETTER FROM THE BOARD

THE PROPOSAL

The Proposal

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 to (i) terminate the Fuzhou Service Centre Co-operation Project and enter into 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 under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) provided that Jin Tian Cheng repays the Prepayment to the Group in accordance with the proposed schedule set out below; 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 is based on 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 and cost that would involve in pursuing a claim against Jin Tian Cheng in the PRC.

The Proposal is subject to approval by the Independent Shareholders at the Extraordinary General Meeting. Upon approval of the Proposal by the Independent Shareholders, the Company will execute the Termination Agreement. The release in respect of the Securities in favour of the Indemnifiers and the Guarantor will be given by the Company upon the repayment of the Prepayment in full and the escrow agent will return the relevant share certificates and pay the cash deposit to the Indemnifiers and the Guarantor upon the execution of the release by the Company.

Reasons for the Proposal

The Directors (including the Independent Non-executive Directors but excluding Mr. Chan and Mr. Loh Nee Peng) having considered the following reasons proposed to put forward the Proposal for the consideration of the Independent Shareholders:

- As at the Latest Practicable Date, due to the delay in obtaining confirmation for the transfer of the Cangshan Land pursuant to the Land Agreement for reasons set out in the paragraph headed “The Fuzhou Service Centre Co-operation Project – Status of the Fuzhou Service Centre Co-operation Project” above, the construction permits for commencement of construction has not been issued and construction of the service and maintenance centre has not yet commenced.

LETTER FROM THE BOARD

- Due to the lack of progress in the construction of the service centre, the Directors do not considerate appropriate to allow further extension to the deadline for completion of the construction of the service centre by Jin Tian Cheng.
- Under the Proposal, Jin Tian Cheng will repay the Prepayment to the Group in accordance with the Repayment Schedule and the Group will not suffer any loss (tangible or intangible) as a result of the termination of the Fuzhou Service Centre Co-operation Project.
- Based on the estimation of the Group, the cost for constructing the service centre is approximately RMB6.65 million, which is approximately equivalent to the amount of the Prepayment. It is the intention of the Group to apply the Prepayment towards financing the construction of the service centre, accordingly, the construction of the service centre by the Group will not involve additional cash outflow.
- As the Group is still awaiting for the relevant governmental approvals for commencement of construction of the Fuzhou service centre, the Repayment Schedule will not affect the funding of the construction of the Fuzhou service centre as the Directors believe that by the time the Group can commence construction of the Fuzhou service centre, Jin Tian Cheng would have repaid the Prepayment according to the Repayment Schedule.
- As the Land Agreement was entered into between Fuzhou BMW and the Management Office of Cangshan Technology Park, the land use right certificate of the Cangshan Land will be issued in the name of Fuzhou BMW. Fuzhou BMW is responsible for payment of the cost of the Cangshan Land under the Land Agreement whether the service centre is to be built by Jin Tian Cheng or the Group.
- By constructing the service centre by itself, the Group will own both the Cangshan Land and the service centre to be constructed thereon and will save rental payment in the aggregate amount of RMB2.4 million for the 20 years which the Group is entitled to occupy the service centre under the agreements for the Fuzhou Service Centre Co-operation Project, which would be payable to Jin Tian Cheng under the agreements for the Fuzhou Service Centre Co-operation Project.
- The Group will still have the benefit of the guarantee and indemnity given by the Indemnifiers and the Guarantor under the Deed of Indemnity and Guarantee which will not be released until the Prepayment is repaid to the Group by Jin Tian Cheng in full. Therefore, the Group can still claim against the Indemnifiers and the Guarantor in the event Jin Tian Cheng fails to repay the Prepayment in accordance with the Repayment Schedule.
- As 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 and will not suffer any loss or damages under the Proposal, the Directors (excluding Mr. Chan and Mr. Loh Nee Peng) are of the view that to pursue claims against Jin Tian Cheng and/or North Anhua and/or the Indemnifiers and Guarantor in the circumstances may incur legal and other ancillary expenses and may bring further delay to the construction of the Fuzhou service centre pending the resolution of the matter.

LETTER FROM THE BOARD

The Directors (including the Independent Non-executive Directors but excluding Mr. Chan and Mr. Loh Nee Peng) also take into account the fact that since construction of the Fuzhou service centre has not yet commenced and the other service centres of the Group are sufficient to service the current business needs of the Group, the Group has not suffered any loss or damages as a result of the delay in the completion of the Fuzhou service centre. The construction of the Fuzhou service centre is part of the long term business plan of the Group rather than a move to meet the immediate business need of the Group. Upon termination of the Fuzhou Service Centre Co-operation Project, Jin Tian Cheng shall refund the Prepayment to the Group and it is the intention of the Company to construct the Fuzhou service centre on the Cangshan Land with the Prepayment to be refunded by Jin Tian Cheng, once the relevant construction approval is obtained so that the Group will still have the use of the Fuzhou service centre. In addition, as Jin Tian Cheng agreed in principal to repay the Prepayment according to the Repayment Schedule, if the Group does not accept the Proposal and insist on pursuing claims against Jin Tian Cheng and North Anhua, legal cost and other expenses and time will be incurred by the Group which the Directors believed are not in the best interest of the Company and the Shareholders as a whole although the Group may recover its loss against the Indemnifiers and the Guarantor under the Deed of Indemnity and Guarantee. This is because the Group will be responsible for paying for such expenses first before recovering the same from the Indemnifiers and the Guarantor. Accordingly, it is proposed under the Proposal that no action be taken to enforce the rights of the Group under the relevant agreements to claim against North Anhua and Jin Tian Cheng and against the Indemnifiers under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) provided that Jin Tian Cheng repays the Prepayment to the Group in accordance with the Repayment Schedule. In the premises, the Independent Non-executive Directors are of the view that the terms of the Proposal are fair and reasonable and in the interest of the Company and the Independent Shareholders.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting of the Company to be held at Unit 1206, 12th Floor, Nine Queen's Road Central, Hong Kong on Friday, 29 April 2005 at 11:00 a.m. and a form of proxy for use at the Extraordinary General Meeting is therein enclosed.

Whether or not the Shareholders intend to be present at the Extraordinary General Meeting, they are requested to complete the form of proxy and return it to the office of the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding of the Extraordinary General Meeting. Completion and delivery of the form of proxy will not prevent the Shareholders from attending, and voting at the Extraordinary General Meeting if they so wish.

LETTER FROM THE BOARD

PROCEDURE TO DEMAND A POLL

Under Article 66 of the Articles of Association, at any general meeting a resolution put to vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation in by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

GENERAL

An Independent Board Committee comprising Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei, all of whom are independent non-executive Directors have been formed to advise the Independent Shareholders of the Resolutions. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and to provide a recommendation to the Independent Shareholders whether or not to vote for the Resolutions at the Extraordinary General Meeting.

Your attention is drawn to the recommendations of the Independent Board Committee set out in its letter on page 14 of this circular and the letter from the Independent Financial Adviser set out on pages 15 to 21 of this circular. Your attention is also drawn to the information set out in the appendix.

By order of the Board
G.A. Holdings Limited
CHAN Hing Ka Anthony
Chairman and Managing Director



G.A. HOLDINGS LIMITED

G.A. 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)*
(Stock Code: 8126)

11 April 2005

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED TERMINATION OF
THE FUZHOU SERVICE CENTRE CO-OPERATION PROJECT
AND
PROPOSED RELEASE OF SECURITIES UNDER
THE INDEMNITY AND GUARANTEE ARRANGEMENT**

We have been appointed as the Independent Board Committee to advise you in connection with the ordinary resolutions to be proposed at the Extraordinary General Meeting to approve (i) the termination of the Fuzhou Service Centre Co-operation Project; (ii) not to enforce the rights of the Group under the relevant agreements of the Fuzhou Service Centre Co-operation Project to claim against North Anhua and Jin Tian Cheng and against the Indemnifiers and/or the Guarantor under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) provided that Jin Tian Cheng repays the Prepayment in accordance with the Repayment Schedule; (iii) the entering into of the Termination Agreement; and (iv) the 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. Details of the current status of the Fuzhou Service Centre Co-operation Project, the terms of the Termination Agreement and the indemnity and guarantee arrangement are set out in a circular to be issued by the Company dated 11 April 2005 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser and its advice in relation thereto as set out on pages 15 to 21 of the Circular, we are of the opinion that the Proposal is in the interest of the Company and the Shareholders as a whole and that the terms of the Termination Agreement, including the Repayment Schedule, are fair and reasonable so far as the Shareholders are concerned. We therefore recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully,

YIN Bin

*Member of the Independent
Board Committee*

Yours faithfully,

LEE Kwok Yung

*Member of the Independent
Board Committee*

Yours faithfully,

ZHANG Lei

*Member of the Independent
Board Committee*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser in respect of the proposed termination of the Fuzhou Service Centre Co-operation Project and the proposed release of securities under the indemnity and guarantee arrangement prepared for the purpose of incorporation in this circular. For the purpose of this letter, HK\$1.00 = S\$0.21 and HK\$1.00 = RMB1.06. The conversion rates are for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.



First Shanghai Capital Limited
19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

11 April 2005

*To: The Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**PROPOSED TERMINATION OF
THE FUZHOU SERVICE CENTRE CO-OPERATION PROJECT
AND
PROPOSED RELEASE OF SECURITIES UNDER
THE INDEMNITY AND GUARANTEE ARRANGEMENT**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposal. Details of the Proposal are set out in the circular dated 11 April 2005 (the “2005 Circular”) to the Independent Shareholders, of which this letter forms a part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in the 2005 Circular.

Reference is made to the disclosure in the Prospectus, the announcement made by the Company dated 9 December 2003 and the Circular regarding the Fuzhou Service Centre Co-operation Project and the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) given by the Indemnifiers and the Guarantor in favour of the Group to indemnify the Group in respect of failure of the PRC partners to perform their respective obligations under the Co-operation Projects in accordance with the terms of the respective agreements. As at Latest Practicable Date, the Fuzhou Service Centre Co-operation Project has not been completed and the Group has reached an agreement in principle with Jin Tian Cheng and North Anhua to terminate the Fuzhou Service Centre Co-operation Project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the announcement dated 25 January 2005, the Directors proposed, subject to approval of the Independent Shareholders, (i) to terminate the Fuzhou Service Centre Co-operation Project and enter into 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 under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) provided that Jin Tian Cheng repays the Prepayment to the Group in accordance with the Repayment Schedule; and (iii) to 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.

We, First Shanghai Capital Limited, are appointed as the Independent Financial Adviser to give an opinion to the Independent Board Committee and the Independent Shareholders as to whether the Proposal is in the interest of the Company and the Independent Shareholders as a whole and that the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our opinion, we have relied on the accuracy of the information and representations provided to us by the Directors, and have assumed that all information and representations made or referred to in the 2005 Circular were true at the time they were made and continue to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Directors in the 2005 Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the 2005 Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the 2005 Circular and to provide a reasonable basis for our advice. We have not, however, conducted an independent investigation into the business, affairs and prospects of the Group or any of its associates nor have we carried out any independent verification on the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice relating to the Proposal, we have taken into consideration, among other things, the following principal factors and reasons:

Principal operations and financial review of the Group

According to the Prospectus, the Group is principally engaged in (i) the distribution of passenger vehicles, particularly, BMW, Toyota and Mercedes-Benz passenger vehicles to resellers in Hong Kong and the PRC whose sales targets are end customers in the PRC, (ii) the provision of marketing and technical assistance to North Anhua, a reseller and business alliance of the Group in the PRC, (iii) the provision of after-sales service such as motor vehicles repair and maintenance services in the PRC, and (iv) the trading of auto parts and accessories in Hong Kong and the PRC.

According to the annual report of the Company for the year ended 31 December 2004, the Group's turnover amounted to S\$100.2 million (equivalent to approximately HK\$477.1 million), representing a decrease of approximately 28.1% from approximately S\$139.3 million (equivalent to approximately HK\$663.3 million) in the previous year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Directors, the decrease in turnover of the Group for the year ended 31 December 2004 was mainly a consequence of the austerity measures imposed by the PRC government to the slowing down of the overheating economy.

Status of the Fuzhou Service Centre Co-operation Project

In February 2003, the layout plan of the service and maintenance centre on the Cangshan Land has been submitted by the Group to the Beijing office of BMW AG for approval and yet to be approved. Based on the current layout plan of the service centre, it is estimated that the cost of construction of the service centre on the Cangshan Land is approximately RMB6.65 million (equivalent to approximately HK\$6.27 million), which is equivalent to the Prepayment.

As stated in the Circular, on 21 February 2003, the Fuzhou City Planning Bureau has approved the Cangshan Land as the location for the construction of the automobile servicing and maintenance centre project. On 27 July 2004, Fuzhou BMW entered into the Land Agreement with the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) in relation to the Cangshan Land. As at the Latest Practicable Date, an amount of RMB3,500,000, representing the first instalment of the consideration has been paid by the Group to the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室). According to the Regulations, all agreements for transfer of State-owned land use right has to be approved by the relevant State Land Bureau after the issue of a public notice in relation to the transfer. The Company was informed by the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) that the public notification period in respect of the transfer of the Cangshan Land was made by the State Land Bureau on 13 October 2004 and has expired. However, the State Land Bureau has received objections from other business entities in relation to the transfer of the Cangshan Land to Fuzhou BMW on terms of the Land Agreement. Accordingly, the State Land Bureau cannot issue the confirmation for the transfer of the land use rights of the Cangshan Land under the Land Agreement. The Company was also informed that the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) is in the process of discussing the matter with the State Land Bureau to resolve the objections to the transfer of the Cangshan Land. The Company was advised by its legal adviser on PRC laws that failure to obtain the required confirmation from the State Land Bureau as a result of the objections to the transfer of the Cangshan Land is a force majeure event under the Land Agreement. The Company has also been advised by its legal adviser on PRC laws that in the event the confirmation cannot be obtained within a reasonable period of time, the Company can terminate the Land Agreement and request for a refund of the amount paid (which is RMB3,500,000, being the amount paid by the Group to the Management Office of Cangshan Technology Park (福州市科技園倉山管理辦公室) as at the Latest Practicable Date).

Reasons for the Proposal

We have considered the following major reasons for the Proposal:

- i. *No adverse financial effect as a result of the termination of the Fuzhou Service Centre Co-operation Project*

As mentioned in the “Letter from the Board” in the 2005 Circular, the Group has not suffered any loss or damages as a result of the delay in the completion of the Fuzhou service centre on the part of Jin Tian Cheng under the relevant agreements for the Fuzhou Service Centre Co-operation Project and accordingly the Group is not eligible for making any claim thereunder. As advised by the Directors, the existing service centres of the Group are sufficient to serve the current demand of the Group’s repair and maintenance services, thus no business was loss as a result of the delay in the completion of the Fuzhou service centre.

Under the Proposal, Jin Tian Cheng will repay the Prepayment to the Group 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 and the Group will not suffer any loss (tangible or intangible) as a result of the termination of the Fuzhou Service Centre Co-operation Project. As such, the Prepayment can be applied towards financing the construction of the service centre as intended by the Group. Based on the estimation of the Group, the cost for constructing the service centre is approximately equivalent to the amount of the Prepayment, and accordingly, the construction of the service centre by the Group itself will not involve additional cash outflow.

- ii. *Lack of progress of the Fuzhou Service Centre Co-operation Project*

As at the date of the 2005 Circular, due to the delay in obtaining confirmation for the transfer of the Cangshan Land pursuant to the Land Agreement for reasons set out in the paragraph headed “Status of the Fuzhou Service Centre Co-operation Project” above, the construction permits for commencement of construction has not been issued and construction of the service and maintenance centre has not yet commenced. The Fuzhou Service Centre Co-operation Project has been commenced since 10 August 2001, but no significant progress on the construction of the service centre has been recognised. According to the Circular, the original deadline of the Fuzhou Service Centre Co-operation Project was 31 December 2002 and several extensions of the deadline for completion of the Fuzhou Service Centre Co-operation Project have been granted by the Independent Shareholders. Taking into account the lack of progress in the construction of the service centre and the uncertainty of the timing of obtaining the relevant governmental approvals for commencement of construction of the Fuzhou service centre, we are of the view that a further extension to the deadline for completion of the construction of the service center by Jin Tian Cheng is not appropriate.

iii. *The Group's plan in the construction of the Fuzhou service centre*

As the Land Agreement was entered into between Fuzhou BMW and the Management Office of Cangshan Technology Park, the land use right certificate of the Cangshan Land will be issued in the name of Fuzhou BMW. Fuzhou BMW is responsible for payment of the cost of the Cangshan Land under the Land Agreement no matter the Fuzhou service centre is to be built by Jin Tian Cheng or the Group. As such, the termination of the Fuzhou Service Centre Co-operation Project would not affect the Group's entitlement to the land use rights of the Cangshan Land (subject to the problem in issuing the confirmation for the transfer of the land use rights as mentioned above being resolved). The Group can continue with its plan on constructing the service centre by itself. Consequently, the Group will own both the Cangshan Land and the service centre to be constructed thereon and will save rental payment in the aggregate amount of RMB2.4 million for the 20 years which the Group is entitled to occupy the service centre under the agreements for the Fuzhou Service Centre Co-operation Project, which would have been payable to Jin Tian Cheng under the agreements for the Fuzhou Service Centre Co-operation Project.

iv. *No material effect on the overall business of the Group*

As set out in the "Letter from the Board" in the 2005 Circular, the Directors (including the Independent Non-executive Directors but excluding Mr. Chan and Mr. Loh Nee Peng) considered that, taking into account the fact that since construction of the Fuzhou service centre has not yet commenced and the existing service centres of the Group are sufficient to serve its current business needs, the Group has not suffered any loss or damages as a result of the delay in the completion of the Fuzhou service centre. Since the construction of the Fuzhou service centre is part of the long term business plan of the Group rather than a move to meet the immediate business need of the Group. The delay in construction of the Fuzhou service centre would not affect the normal operations of the Group. The Directors also confirmed that the existing service centres of the Group are sufficient to meet the demand for the Group's repair and maintenance services.

v. *Claim against Jin Tian Cheng for penalty*

According to the relevant agreements in relation to the Fuzhou Service Centre Co-operation Project, in the event Jin Tian Cheng fails to perform its obligation under the agreement resulting in the non-completion of the Fuzhou service centre due to its default, Jin Tian Cheng shall repay to Xiamen BMW the Prepayment together with interest thereon and an amount equivalent to 10% of the Prepayment as penalty. As set out in the "Letter from the Board" in the 2005 Circular, the State Land Bureau has received objections from other business entities in relation to the transfer of the Cangshan Land to Fuzhou BMW on terms of the Land Agreement, which has resulted in a delay in the issuance of the confirmation for the transfer of the Cangshan Land and thus the construction permits. As such, there is an uncertainty as to whether the failure to complete the construction of the Fuzhou service centre before the agreed deadline can be regarded as a default on the part of Jin Tian Cheng. The Group has the option to claim against Jin Tian Cheng for the damages. However, there is an uncertainty as to whether the Group can be successful in its claim. In addition, the Group will incur legal cost and time in making such claim. Although the Group may recover such cost from the Indemnifiers under the Deed of Indemnity and Guarantee, the Group would still have

to finance such cost before making any claim for indemnity from the Indemnifiers. Furthermore, the Directors believe that the time incurred in making such claims would be more beneficial to the Group if spent on the development of the business of the Group. Having considered the above, we are of the view that pursuing the claims against Jin Tian Cheng for the penalty is not in the interest of the Independent Shareholders as a whole.

vi. Refund of the Prepayment

Under the Proposal, it is proposed that Jin Tian Cheng will repay the amount of RMB6.65 million (equivalent to approximately HK\$6.27 million) (without interest thereon), being the payment paid by the Group to Jin Tian Cheng to finance the construction cost of the Fuzhou service in accordance with the Repayment Schedule. The Repayment Schedule is based on 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 and cost that would involve in pursuing a claim against Jin Tian Cheng in the PRC.

The relevant governmental approvals for commencement of construction of the Fuzhou service centre have not yet been obtained by the Group, and thus the Repayment Schedule is not expected to affect the funding of the construction of the Fuzhou service centre as the Directors believe that by the time the Group can commence construction of the Fuzhou service centre, Jin Tian Cheng would have repaid the Prepayment according to the Repayment Schedule. Based on the estimation of the Group, the cost for constructing the service centre is approximately RMB6.65 million (equivalent to approximately HK\$6.27 million). As advised by the Directors, the Group will have sufficient financial resources to fund the construction of the Fuzhou service centre even if Jin Tian Cheng fails to repay the Prepayment in time. As such, the Repayment Schedule will not affect the overall business plan of the Group, particularly the construction of the Fuzhou service centre.

vii. Release of the Securities to the Indemnifiers and the Guarantor

Under the Proposal, it is proposed to 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. Taking into account that (i) the Group has not suffered any loss or damages as a result of the delay in the completion of the construction of the Fuzhou service centre; (ii) the Group will not suffer any loss or damages as a result of the Proposal; and (iii) the default risk of Prepayment will be eliminated once Jin Tian Cheng repays the Prepayment in full, we are of the view that it is fair and reasonable to release 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and particularly that (i) no additional cash outflow will be needed for the construction of the Fuzhou service centre; (ii) the default risk of the Prepayment will be eliminated once Jin Tian Cheng repays the Prepayment in full; (iii) the delay in construction of the Fuzhou service centre has no material effect on the overall business of the Group; (iv) the Group may be able to save rental payment in the aggregate amount of RMB2.4 million for the 20 years by constructing the Fuzhou service centre by itself; and (v) the Group has not suffered any loss or damages as a result of the delay in the completion of the construction of the Fuzhou service centre, we are of the opinion that the proposed termination of the Fuzhou Service Centre Co-operation Project is in the interest of the Company and the Independent Shareholders as a whole and the proposed release of securities under the indemnity and guarantee arrangement is not prejudicial to the interest of the Independent Shareholders. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Helen Zee

Managing Director

Byron Tan

Managing Director

1. DISCLOSURE OF INTERESTS

(a) Directors’ and chief executives’ interests in the Company

As at the Latest Practicable Date, the interests or short position of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and Section 347 of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange are as follows:

Name	Capacity	Number of Shares held				Approximate percentage of shareholding held as at the Latest Practicable Date
		Personal interest	Family interest	Corporate interest	Other interest	
Mr. Chan	Interest of a controlled corporation (Note 1)	–	–	106,432,000	–	106,432,000 Shares (26.61%)
Loh Nee Peng	Interest of a controlled corporation (Note 2)	–	–	106,432,000	–	106,432,000 Shares (26.61%)

Notes:

1. The 106,432,000 Shares are held as to 32,000,000 Shares by Tycoons Investment and as to 74,432,000 Shares by the Guarantor, which are held as to 100% and 49% by Mr. Chan, respectively. Mr. Chan is deemed to be interested in the Shares held by Tycoons Investment and the Guarantor under the SFO.
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 the Guarantor, which are held as to 100% and 15% by Mr. Loh Nee Peng, respectively. Mr. Loh Nee Peng is deemed to be interested in the Shares held by Big Reap International Limited and the Guarantor under the SFO.

Save as disclosed, as at the Latest Practicable Date, none of Directors or chief executives of the Company has any interests or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be 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 is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Director’s interest in assets and/or arrangement

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2004 (being the date to which the latest published audited consolidated accounts of the Group were made up) acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

(c) Substantial shareholders’ interest in the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of Shares held	Approximate
			percentage of shareholding held as at the Latest Practicable Date
Mr. Loh	Interest of a controlled corporation (Note 1)	106,432,000 Shares	26.61%
The Guarantor	Beneficial owner (Note 2)	74,432,000 Shares	18.61%
Comfort Group Limited	Interest of a controlled corporation (Note 3)	61,667,570 Shares	15.42%

Name	Capacity	Number of Shares held	Approximate percentage of shareholding held as at the Latest Practicable Date
PHEIM Asset Management (Asia) Pte Ltd.	Investment manager	33,308,000 Shares	8.33%
HSBC Trustee (Singapore) Limited	Trustee	20,108,000 Shares	5.03%

Notes:

1. The 106,432,000 Shares are held as to 16,000,000 Shares by Affluence Investment, as to 16,000,000 Shares by L&B Holdings Pte Ltd. and as to 74,432,000 Shares by the Guarantor. Mr. Loh is interested in 100%, 18.94% and 15% of each of Affluence Investment, L&B Holdings Pte Ltd. and the Guarantor, respectively.
2. The Guarantor is held as to 49% by Mr. Chan, as to 15% by Mr. Loh, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Both Mr. Chan and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh and the father of Mr. Loh Nee Peng.
3. The 61,667,570 Shares are held by Comfort (China) Pte Limited, the wholly owned subsidiary of the Comfort Group Limited. Comfort Group Limited is deemed to be interested in the 61,667,570 Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

2. **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in any business which causes or may cause any significant competition with the business of the Group or any significant conflicts with the interest of the Group.

3. **DIRECTORS’ SERVICE CONTRACTS**

None of the Directors has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
First Shanghai Capital Limited	A licensed corporation licensed under the SFO to carry on regulated activity type 6 (advising on corporate finance)

First Shanghai Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

First Shanghai Capital Limited confirms that it does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

First Shanghai Capital Limited confirms that it does not have any direct or indirect interest in any assets acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1206, 12th Floor, 9 Queen’s Road Central, Hong Kong during normal business hours on any weekday, except public holidays, up to and including 29 April 2005:

- (a) the memorandum and articles of association of the Company;
- (b) the written consent from First Shanghai Capital Limited referred to in paragraph 4 of this appendix; and
- (c) the project co-operation agreement dated 10 August 2001 entered into between Xiamen BMW Automobiles Service Co., Ltd. and Jin Tian Cheng; the two agreements dated 7 December 2001 and 15 April 2002, respectively entered into amongst Xiamen BMW Automobiles Service Co., Ltd., Jin Tian Cheng and North Anhua and the Third Supplemental Agreement.



G.A. HOLDINGS LIMITED

G.A. 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)*
(Stock Code: 8126)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of G.A. Holdings Limited (“Company”) will be held at Unit 1206, 12th Floor, Nine Queen’s Road Central, Hong Kong on Friday, 29 April 2005 at 11:00 a.m., for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the termination of co-operation project to construct a maintenance and service centre on the land located at Fujian Province, Fuzhou City, Cangshan Science Park (the “Cangshan Land”) pursuant to the project co-operation agreement dated 10 August 2001 entered into between 廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.*) (“Xiamen BMW”) and 北京金天成科貿發展有限公司 (Jin Tian Cheng Development Co., Ltd.*) (“Jin Tian Cheng”) as supplemented by the two agreements dated 7 December 2001 and 15 April 2002, respectively entered into amongst Xiamen BMW, Jin Tian Cheng and 北方安華集團公司 (North Anhua Group Corporation*) (“North Anhua”) and a third supplemental agreement dated 24 February 2004 entered into amongst Xiamen BMW, 福州寶馬汽車服務有限公司 (Fuzhou BMW Automobiles Service Co., Ltd.*) (“Fuzhou BMW”), Jin Tian Cheng and North Anhua (the “Fuzhou Service Centre Co-operation Project”) be and is hereby approved;
- (b) conditional upon the passing of Resolution Number 1(a) which forms part of this notice of extraordinary general meeting, the termination agreement (the “Termination Agreement”) to be entered into amongst Xiamen BMW, Fuzhou BMW, Jin Tian Cheng and North Anhua in relation to the termination of the agreements for the Fuzhou Service Centre Co-operation Project and the repayment of the amount of RMB6,650,000 (the “Prepayment”) in two instalments (the “Repayment Schedule”), 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 be and is hereby approved and that the board of directors of the Company be and is hereby authorized to finalise the terms of the Termination Agreement and to take such actions as are necessary to give effect to the terms of the Termination Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT** conditional upon the passing of Resolutions Numbers 1(a) and (b) which forms part of this notice of extraordinary general meeting, without waiving any of the future right of the Company and its subsidiaries (together the “Group”) in the event of any failure by Jin Tian Cheng to repay the Prepayment in accordance with the Repayment Schedule under the Termination Agreement, not to enforce its rights to claim against Jin Tian Cheng and/or North Anhua under the agreements for the Fuhou Service Centre Co-operation Project and/or Mr. Chan Hing Ka Anthony and Mr. Loh Kim Her (collectively the Indemnifiers”) and Loh and Loh Constructions Group Ltd. (the “Guarantor”) pursuant to a deed of indemnity and guarantee dated 5 June 2002 (the “Deed of Indemnity and Guarantee”) given by the Indemnifiers in favour of the Group and the underwriters named therein and guaranteed by the Guarantor as supplemented by a deed of confirmation dated 26 January 2004 (the “Deed of Confirmation”) given by the Indemnifiers and Guarantor in favour of the Group.”
3. “**THAT** conditional upon the passing of Resolutions Number 1(a) and (b) which form part of this notice of extraordinary general meeting and subject to the entering into of the Termination Agreement and repayment of the Prepayment by Jin Tian Cheng in full in accordance with the Repayment Schedule, the board of directors of the Company be and is hereby authorized to take all actions as are necessary to release and discharge the Indemnifiers and the Guarantor from the Deed of Indemnity and Guarantee as supplemented by the Deed of Confirmation and the release of the securities held in escrow to secure the obligations of the Indemnifiers and the Guarantor under the Deed of Indemnity and Guarantee as supplemented by the Deed of Confirmation”

By order of the Board
Chan Chi Fai
Company Secretary

Hong Kong, 11 April 2005

Registered office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

*Principal place of business
in Hong Kong:*

Unit 1206, 12th Floor
9 Queen’s Road Central
Hong Kong.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:—

1. Any shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such person may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect of the joint holding.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be delivered to the office of the share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof.