G.A. HOLDINGS LIMITED
G.A. 控股有限公司

ANNUAL RESULTS ANNOUNCEMENT
For the year ended 31 December 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 with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks rising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

FINANCIAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2005, together with the comparative figures for the year ended 31 December 2004, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	**2005** *S$'000*	(Restated) 2004 *S$'000*
Revenue	*4*	**158,704**	100,246
Other income		**2,369**	1,283
Cost of sales		**(141,289)**	(88,745)
Employee benefits expense		**(2,148)**	(1,880)
Depreciation and amortisation		**(1,067)**	(1,123)
Operating lease charges		**(308)**	(269)
Exchange differences, net		**(241)**	(807)
Other operating expenses		**(8,182)**	(4,595)
Profit from operating activities		**7,838**	4,110
Finance costs, net		**(2,649)**	(1,493)
Profit before income tax		**5,189**	2,617
Income tax expense	*6*	**(1,537)**	(896)
Profit for the year		**3,652**	1,721
Attributable to:			
Equity holders of the Company		**3,671**	1,741
Minority interest		**(19)**	(20)
Profit for the year		**3,652**	1,721
Earnings per share for profit attributable to the equity holders of the Company during the year	*7*		
		Singapore cent	Singapore cent
Basic		**0.92**	0.44
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

as at 31 December 2005

	Notes	2005 S$'000	(Restated) 2004 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,594**	6,238
Leasehold land		**647**	658
Prepaid rental expenses		**7,017**	8,556
Deposit for acquisition of a land use right		**132**	693
Non-current receivables		**1,756**	1,663
		15,146	17,808
Current assets			
Inventories		**2,477**	7,123
Trade receivables	*8*	**24,734**	21,245
Bills receivables		**3,842**	1,685
Prepayments, deposits and other current assets		**32,353**	15,308
Due from related companies		**112**	101
Due from directors		**4**	268
Pledged deposits		**12,602**	9,578
Bank balances and cash		**12,740**	1,482
		88,864	56,790
Current liabilities			
Trade payables	*9*	**7,188**	727
Accruals and other payables		**6,089**	3,950
Pension and other employee obligations		**20**	72
Bills payables		**43,242**	30,339
Borrowings		**9,627**	6,830
Due to related companies		**484**	416
Due to directors		**489**	375
Tax payable		**5,483**	5,145
		72,622	47,854
Net current assets		**16,242**	8,936
Total assets less current liabilities		**31,388**	26,744

	Notes	2005 S$'000	(Restated) 2004 S$'000
Non-current liabilities			
Borrowings		**1,429**	1,991
Deferred tax		**210**	115
		1,639	2,106
		29,749	24,638
EQUITY			
Equity attributable to Company's equity holders			
Share capital		**9,040**	9,040
Reserves		**20,288**	15,180
		29,328	24,220
Minority interests		**421**	418
Total equity		**29,749**	24,638

NOTES:

1 GENERAL INFORMATION

G. A. Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 5 July 2001. The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies, Cayman Islands and its principal place of business is unit 1206, 12th Floor, 9 Queen's Road Central, Hong Kong.

The Company and its subsidiaries (the "Group") are principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts, and provision of management services in respect of car rental business.

There were no significant changes in the nature of the Group's principal activities during the year.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets. The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

3 ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

From 1 January 2005, the Group has adopted the new or revised standards and interpretations of HKFRS, which are relevant to its operations. This includes the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs

HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2004 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2004 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31 December 2004.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

3.1 Adoption of HKAS 1

The application of HKAS 1 led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to owners of the parent company is now presented as an allocation of the net result of the year.

3.2 Adoption of HKAS 17

In previous years, leasehold land and buildings were included in property, plant and equipment and carried at cost less accumulated depreciation and accumulated impairment losses.

Upon the adoption of HKAS 17, the land and buildings elements are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid land lease payments under operating leases, which are carried at cost and subsequently recognised in the income statement on a straight-line basis over the lease term. This change in accounting policy has been applied retrospectively. Where the land and buildings elements cannot be allocated reliably, the entire lease payments continues to be treated as finance leases and included in property, plant and equipment.

3.3 Other standards adopted

The adoption of HKAS 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 32, 33, 36, 37, 39 and HKFRS 3 did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

3.4 New Standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following Standards or interpretations that have been issued but are not yet effective. The adoption of such Standards and Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation [2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts[2]
HKFRS 1& HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments – Disclosures[1]
HK(IFRIC) – Int 4	Determining whether an Arrangement contains A Lease[2]
HK(IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC) – Int 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[3]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2006
[3] Effective for annual periods beginning on or after 1 December 2005
[4] Effective for annual periods beginning on or after 1 March 2006

4 REVENUE

The Group is principally engaged in (i) sales of motor vehicles and provision of car-related technical services, (ii) servicing of motor vehicles and sale of auto parts and (iii) provision of management services in respect of car rental business. Revenue, which is also the Group's turnover, recognised during the year is as follows:

	2005	2004
	S$'000	*S$'000*
Revenue/Turnover		
Sales of motor vehicles	**145,353**	88,160
Servicing of motor vehicles and sales of auto parts	**8,156**	5,342
Technical fee income	**4,352**	5,609
Management fee income	**843**	1,135
	158,704	100,246

5 SEGMENT INFORMATION

Primarily reporting format – business segment

The Group is organised with four business segments, namely:

Activity 1: Sales of motor vehicles and provision of car-related technical services;

Activity 2: Servicing of motor vehicles and sales of auto parts;

Activity 3: Provision of management services in respect of car rental business; and

Activity 4: Commission income from sales of cars from German Automobiles Pte Ltd. (“GAPL”) to German Automobiles Limited (“GAL”) (i.e. intra-Group)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segment analysis as at and for the year ended 31 December 2005 is as follows:

	Activity 1 S$'000	Activity 2 S$'000	Activity 3 S$'000	Activity 4 S$'000	Inter-segment elimination S$'000	Group S$'000
Revenue						
External sales	149,705	8,156	843	–	–	158,704
Inter-segment sales	490	–	–	5,773	(6,263)	–
	150,195	8,156	843	5,773	(6,263)	158,704
Segment results	3,772	(369)	(100)	5,407	–	8,710
Unallocated expenses						(872)
Profit from operating activities						7,838
Finance costs, net						(2,649)
Profit before income tax expense						5,189
Income tax expense						(1,537)
Profit for the year						3,652
Segment assets	46,267	4,871	1,967	–		53,105
Unallocated assets	–	–	–	–		50,905
Total assets						104,010
Segment liabilities	51,367	1,586	206	–		53,159
Unallocated liabilities	–	–	–	–		21,102
Total liabilities						74,261
Capital expenditure	2	543	1,896	–		2,441
Depreciation	85	215	606	–		906
Impairment of property plant and equipment	337	1,948	–	–		2,285
Annual charges of prepaid operating lease payment	11	–	–	–		11
Amortisation of prepaid rental expenses	–	–	153	–		153

Business segment analysis as at and for the year ended 31 December 2004 is as follows:

	Activity 1 *S$'000*	Activity 2 *S$'000*	Activity 3 *S$'000*	Activity 4 *S$'000*	Inter-segment elimination *S$'000*	Group *S$'000*
Revenue						
External sales	93,769	5,342	1,135	–	–	100,246
Inter-segment sales	490	–	–	3,459	(3,949)	–
	94,259	5,342	1,135	3,459	(3,949)	100,246
Segment results	2,371	(459)	546	2,493	–	4,951
Unallocated expenses						(841)
Profit from operating activities						4,110
Finance costs, net						(1,493)
Profit before income tax						2,617
Income tax expense						(896)
Profit for the year						1,721
Segment assets	38,769	4,870	2,731	–		46,370
Unallocated assets	–	–	–	–		28,228
Total assets						74,598
Segment liabilities	30,166	878	195	–		31,239
Unallocated liabilities	–	–	–	–		18,721
Total liabilities						49,960
Capital expenditure	273	966	1,041	–		2,280
Depreciation	72	505	383	–		960
Annual charges of prepaid operating lease payment	11	–	–	–		11
Amortisation of prepaid rental expenses	–	–	152	–		152

Secondary reporting format – geographical segment

The Group's operations are located in three main geographical areas, namely People's Republic of China except Hong Kong (the "PRC"), Hong Kong and Singapore. The following table provides an analysis of the Group's revenue from external customers by location of customers:

	2005	2004
	S$'000	S$'000
The PRC	**153,074**	84,163
Hong Kong	**5,630**	16,083
	158,704	100,246

The following is an analysis of the carrying amount of segment assets, additions to property, plant and equipment by geographical area in which the assets are located:

	Segment assets		**Capital expenditure**	
	2005	2004	**2005**	2004
	S$'000	*S$'000*	***S$'000***	*S$'000*
The PRC	**54,737**	42,765	**543**	966
Hong Kong	**37,672**	27,441	**1,896**	1,041
Singapore	**11,601**	4,392	**2**	273
	104,010	74,598	**2,441**	2,280

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

	2005	2004
	S$'000	*S$'000*
Current – Hong Kong		
Charge for the year	**814**	387
Over-provision in prior years	**(47)**	–
Current – Overseas		
Charge for the year	**675**	394
Deferred tax	**95**	115
Total income tax expenses	**1,537**	896

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company for the year of S$3,671,000 (2004: S$1,741,000) and on 400,000,000 (2004: 400,000,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2005 and 31 December 2004 was not presented as there is no dilutive potential ordinary share.

8 TRADE RECEIVABLES

The majority of the Group's sales are on letter of credit. The remaining amounts are with credit terms of 2 to 5 months. At 31 December 2005, the ageing analysis of trade receivables was as follows:

	2005	2004
	S$'000	*S$'000*
0 – 90 days	**18,493**	12,140
91 – 180 days	**4,628**	7,657
181 – 365 days	**2,112**	2,013
Over 1 year	**70**	–
	25,303	21,810
Less: Impairment of receivables	**(569)**	(565)
	24,734	21,245

9 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2005	2004
	S$'000	*S$'000*
0 – 30 days	**227**	43
31 – 180 days	**6,163**	174
181 – 365 days	**377**	100
1 to 2 years	**106**	82
Over 2 years	**315**	328
	7,188	727

10 DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2005, the turnover of the Group increased by approximately 58.3% as compared to the year of 2004. The increase was mainly a consequence of the rise in demand for high end vehicles in the PRC. The adaptations measures towards the entering of WTO of the PRC government, including the lowering of tariffs and other favourable fiscal policy help boosting the long-chilled automotive industry.

SALES OF MOTOR VEHICLES

The Group mainly distributes imported motor vehicles to the PRC market. During the year, the turnover of this segment took up approximately 91.6% of the total Group turnover of the year.

The long-chilled automotive industry in the PRC had begun to bottom out as the global economy enters into its phase of recovery. A remarkable growth of car sales is recorded as a benefit from the abolition of quotas on auto imports and tariffs cut under the gradual adaptations towards WTO obligations. With potent market competence backed by the soaring demand on luxurious sedans and sport utility vehicles in the PRC market, the Company's sales of motor vehicles grew by 64.9% as compared to the same period last year.

SERVICING OF MOTOR VEHICLES AND SALES OF AUTO PARTS

The 4-in-1 complex building in Haichang, Xiamen, includes a sales office, a workshop and a service centre. The service centre is designed and built in accordance to BMW standard, which was intended to provide one-stop services to our invaluable customers. The 4-in-1 service centre in Haichang definitely enhances the Group's quality of pre-sales and after-sales services.

Turnover generated from the servicing of motor vehicles and sales of auto parts for the year 2005 increased by 52.7% as a result of the increasing capacity following the relocation of service centre from the Xiamen Special Economic Zone to Haichang. With ascending demand for motor vehicles in the PRC, the car repair and servicing business sector benefited as a complement.

TECHNICAL FEE INCOME

The Group received technical fee income from the business partner, North Anhua Group Corporation ("NAGC"), for providing management consulting and technical assistance in relation to NAGC's sales of locally manufactured Honda's motor vehicles. During the year, as the 5-year term non-exclusive management consulting and technical service agreement expired, the Group ceased to receive technical income from NAGC.

On the other hand, the Group received technical income from Xiamen Zhong Bao Automobiles Co., Ltd. (“Xiamen Zhong Bao”), for providing management consulting and technical assistance for its purchase for the locally manufactured BMW motor vehicles sold. The locally manufactured BMW motor vehicles were introduced in October 2003.

In 2005, the total technical fee income decreased by 22.4% as a result of the expiration of the 5-year term non-exclusive management consulting and technical service agreement with NAGC.

MANAGEMENT FEE INCOME

The Group appointed three PRC car rental operators, namely Beijing China National Automotive Anhua Automobiles Leasing Co., Ltd. (the “Beijing Sub-licensees”), (a wholly owned subsidiary of NAGC), Shanghai China National Automotive Anhua Automobiles Services Co., Ltd. (the “Shanghai Sub-licensees”), (a company of which 90% of its interest is owned by NAGC) and Guangzhou China National Automotive Anhua Automobiles Services Co., Ltd. (the “Guangzhou Sub-licensees”), (a company of which 90% of its interest is owned by NAGC) (collectively the “Three Sub-licensees”), as the sub-licensees to run the car rental business. The Group provided management consulting and technical services to each sub-licensee in return for an annual management fee income. During the year, as the 5-year term sub-licensees car rental agreement expired, the Group ceased to receive management fee income from the Three Sub-licensees.

In 2005, management fee income decreased by 25.7% as a result of the expiration of the 5-year term sub-licensees car rental agreement with the Three Sub-licensees.

CAR RENTAL BUSINESS

During the year 2005, the Hertz division has taken a further step in expanding their market share by setting up another downtown centre located in the Hong Kong station. The new service location commenced its operation in December 2005. The setting up of the downtown centre not only offers a convenient service point for our clients, it also provides an opportunity for grasping the tourists’ market share. In addition to the establishing of an extra service location, the Group expanded its fleet size and more staffs were employed for offering high quality services to our valued customers’ satisfaction. Increased fleet size and diversified marketing strategies sparks an extensive approach to reach out different targeted customer segments and thereby increased sales.

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

In 2003, the Group planned to establish a service centre in Fuzhou in Fujian Province. However, as the project ultimately was not completed by the deadline of 31 December 2004, it was terminated.

In pursuant to the circular issued on dated 11 April 2005 (the "Circular") and the resolution of the Extraordinary General Meeting of the Company held on 29 April 2005 (the "Resolution"), the Fuzhou Service Centre Co-operation Project was terminated and the Indemnifiers and the Guarantor were released from their obligations under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation) as defined in the Circular and the Resolution. The information of the termination was summarized as follows:

- on 3 June 2005, the termination agreement was entered into among Xiamen BMW Automobiles Service Co., Ltd. ("Xiamen BMW"), Fuzhou BMW Automombiles Service Co., Ltd. ("Fuzhou BMW"), Jin Tian Cheng Development Co., Ltd. ("Jin Tian Cheng") and NAGC terminating the Fuzhou Service Centre Co-operation Project;

- the prepayment in the amount of RMB6,650,000, being the amount paid by the Group to Jin Tian Cheng to finance the construction of the Fuzhou Service Centre Co-operation Project was repaid to the Group on 3 June 2005;

- on 11 July 2005, the Company executed the Deed of Release in favour of the Indemnifiers and the Guarantor releasing the Indemnifiers and the Guarantors from their respective obligations under the Deed of Indemnity and Guarantee (as supplemented by the Deed of Confirmation; and

- the Securities comprising 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 and cash in the amount of HK$10,370,524.26 (being the amount of HK$10,000,000 together with interest accrued thereon) were released to the Indemnifiers and the Guarantor on 11 July 2005 by the escrow agent.

FINANCIAL REVIEW

Overview

The majority of the Group's turnover during the year ended 31 December 2005 was derived by German Automobiles Pte Ltd. ("GAPL"), a subsidiary operating in Singapore, principally engaged in the business of distributing motor vehicles, auto parts and accessories.

Turnover

For the year ended 31 December 2005, the turnover of the Group amounted to S$158,704,000, an increase of approximately 58.3% as compared with that of the year ended 31 December 2004. This is mainly contributed by the increase in the sale of motor vehicle by 64.9% during the year, owing to the increase in demand for BMW passenger vehicles and other brand vehicles including Toyota and Mercedes arising from product diversification. For the year ended 31 December 2004, revenues generated from distributing BMW and other cars was approximately S$70,272,000 and S$17,888,000 respectively and increased to approximately S$113,915,000 and S$31,438,000 respectively for the year ended 31 December 2005. The Directors believe such increase was resulted from increasing customers' demand induced by the strong economic growth of the PRC.

For the year ended 31 December 2005, the income generating from servicing of motor vehicles and sales of auto parts was approximately S$8,156,000, representing an increase of approximately 52.7% as compared with that of the year ended 31 December 2004. The Directors believed that the increase in servicing income and sales of auto parts was due to the increase in servicing capacity of the Xiamen service centre.

The technical fee income decreased by approximately 22.4% to approximately S$4,352,000 for the year ended 31 December 2005 as compared with S$5,609,000 for the year ended 31 December 2004. This was mainly due to the expiration of the 5-year term non-exclusive management consulting and technical service agreement. From January 2005 onwards, the Group only receives technical fee income from Xiamen Zhong Bao.

Management fee income from the Three Sub-licensees was approximately S$843,000 for the year ended 31 December 2005, a decrease of approximately 25.7% as compared with S$1,135,000 for the year ended 31 December 2004. The decrease in management fee income was a result of the expiration of the 5-year term sub-licensees car rental agreement with the Three Sub-licensees from the third quarter of 2005 onwards.

Gross Profit

Gross profit margin for income from distribution of motor vehicles was approximately 11% and 11.5% respectively for the years ended 31 December 2005 and 2004. The gross profit margin of technical fee and car rental management fee income were 100% for both years ended 31 December 2005 and 2004. The slight decrease in gross profit margin resulted from the decrease in contribution from technical and management fee income on the total group turnover.

For the year ended 31 December 2005, the gross profit of the Group was approximately S$17,415,000, representing a slight decrease of approximately 0.5% over that of the year ended 31 December 2004.

Other operating expenses

Other operating expenses for the year ended 31 December 2005, amounted to approximately S$8,182,000, an increase of 78.1% as compared with that of the year ended 31 December 2004. The increase was the result of increase in sales. As the need of processing trade finance documents increased, thereby proportionately increased bank charges.

Profit from ordinary activities attributable to shareholders

Profit from ordinary activities attributable to shareholders for the year ended 31 December 2005 was S$3,652,000 as compared with S$1,741,000 for the year ended 31 December 2004. The profit for 2005 increased by approximately 109.8% as compared with that of 2004.

Financial resources and liquidity

As at 31 December 2005, shareholders' fund of the Group amounted to approximately S$29,328,000 (2004: S$24,220,000). Current assets amounted to approximately S$88,864,000 (2004: S$56,790,000). Of which approximately S$25,342,000 (2004: S$11,060,000) were cash and bank deposits. Current liabilities amounted to approximately S$72,622,000 (2004: S$47,854,000) mainly represents trade payables, bills payables, bank loans, accruals and other payables and current account with affiliated companies. The Group had non-current liabilities amounted to S$1,639,000 (2004: S$2,106,000). The net asset value per share as at 31 December 2005 was S$0.074 (2004: S$0.061).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 31 December 2005, the Group had a gearing ratio of 0.52 (2004: 0.52).

Foreign Exchange Exposure

During the year ended 31 December 2005, the Group had an exchange loss of approximately S$241,000 (2004: S$807,000), mainly due to the unstable exchange rate of Euro against SGD and HKD, whereas the purchases for BMW passenger vehicles were mainly denominated in Euro.

Charges on Group Assets

As at 31 December 2005, the Group pledged time deposits of approximately S$12,602,000 (2004: S$9,578,000) and charged plant and machinery of approximately S$151,000 (2004: S$183,000) to several banks for banking facilities for the Group and a related company of NAGC and to secure guarantees given by the bank to Hertz International Ltd., the principal of the "Hertz" system of car rental business (the "Car Rental Business").

As at 31 December 2005, the Group charged legal mortgages on leasehold land and buildings with net book value of approximately S$799,000 (2004: S$813,000) to banks to secure a mortgage loan.

Contingent Liabilities

As at 31 December 2005, the Group provided a bank guarantee of approximately S$4,738,000 (2004: S$4,581,000) to a bank in respect of banking facilities to a related company of NAGC. As at 31 December 2005, the Group did not provide any bank guarantee in respect of banking facilities to Xiamen Zhong Bao (2004: S$6,930,000).

Employees

As at 31 December 2005, the total number of employee of the Group was 154. For the year ended 31 December 2005, the staff costs including directors' remuneration of the Group amounted to approximately S$2,148,000 (2004: 1,880,000), around 1.4% of the turnover of the Group and an increase of approximately S$268,000 or approximately 14.3% as compared to that of the year ended 31 December 2004. It is the Group policy to review its employers' pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2005, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies (2004:Nil).

Significant Investment

As at 31 December 2005, the Group had no significant investment held (2004:Nil).

Material Investments or Capital Assets

As at 31 December 2005, the Group had no future plans for material investment.

Capital Structure of the Group in Debt Securities

During the year ended 31 December 2005, the Group had no debt securities in issue (2004:Nil).

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating activities. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

1 Foreign Exchange Risk

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than functional currencies. The Group entered into foreign exchange forward contracts to minimize its foreign exchange risk.

2 Credit Risks

The Group's credit risk is primarily attributable to trade and other receivables. The management reviews the recoverable amount of each individual trade debt on a regular ongoing basis to ensure that adequate impairment losses are made for any irrecoverable amounts.

BUSINESS PROSPECT

China will remain the largest emerging automotive market in the year 2006 backed up by soaring demand. Membership in the WTO not only encourages the development of automobile market in an open and rational manner, it will also mean reduction of tariffs and abolition of non-tariffs barrier to enhance a mature internationalized market.

Fiscal policies in the PRC makes a major influence on the market over the years. Under the WTO impact, from 1 January 2006 onwards, tariffs on imported motor vehicles are reduced from 30% to 28%. A further decrease is promised by 1 July 2006, which will bring the tariff bar to low as 25%. The average tariffs of automobile components will be decreased to 10% by 2006. Nonetheless, quotas on auto imports are removed. Cost on import vehicles is expected to decrease in the future and competitiveness of the Group will be enhanced.

Recently, the release of motor vehicle compulsory scrap standard in 2006, according to information revealed at the International Conference on China Motor Vehicle Scrap Management by the Ministry of Commerce, is believed to be a strong support for stabilizing the demand for vehicles within the territory. With constantly increasing demand, a prosperous growth of car sales is guaranteed in the near future.

Though competition will be keen as the PRC gradually opens up its auto market, the Group will firmly adhere to our working requirements of emphasizing on profit, risk management and focusing on steady cash flow by implementing stringent cost control policies, thus solidifies our strategic position as well as maximizing shareholder's return.

Looking forward, there will be major changes to our business structure. The restructuring of the settlement in RMB with the major suppliers will benefit the Group by stabilizing its foreign currencies risk exposure. The Group will continuously utilize its greatest endeavor to achieve a steady long term growth.

The Directors will review the business from time to time and the market environment to sketch out the expansion plan for the Group, by strengthening the relationship with our business partners and valuable customers and grasping the best opportunities for expansions. As for internal controls, the Group will amend and optimize the appraisal system and reward measures to further raise the enthusiasm of employees. Our company has been gaining ground in its attempt to be the best in the industry.

CORPORATE GOVERNANCE REPORT

Subject to the deviations disclosed below, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices ("Code") and has applied the principles in Appendix 15 as contained in the GEM Listing Rules during the year.

The Chairman and the Chief Executive Officer of the Company have been in the same individual, Mr. Chan Hing Ka Anthony.

It was not until August 2005 that the Company established a remuneration committee as required under the Code.

Under the existing articles of association of the Company, Mr. Chan Hing Ka Anthony, being the chairman of the Company, is not subject to retirement by rotation at least once every three years as required under the Code.

Securities Transaction by Directors

The Company has adopted a code of conduct regarding directors' securities transactions on terms as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the directors of the Company, all directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors.

Audit Committee

The Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Zhang Lei and Mr. Yin Bin. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and the internal control procedures of the Group.

The Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions to improve them. In the course of doing so, the Committee has met the company's management, qualified accountant and external auditors during 2005.

The audited results of the Group for the year ended 31 December 2005 were reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2005.

Executive Directors of the Company as at the date hereof are Mr. Chan Hing Ka Anthony, Mr. Loh Nee Peng and Mr. Xu Ming. Independent non-executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei.

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

Hong Kong, 29 March 2006