



**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

**RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2010 (the “Interim Period”).

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 June 2010*

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2010	2009	2010	2009
	Notes	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>	2	<b>9,365</b>	10,939	<b>20,614</b>	20,977
Other income	2	<u>1,040</u>	<u>606</u>	<u>2,054</u>	<u>1,158</u>
		<b>10,405</b>	11,545	<b>22,668</b>	22,135
Cost of sales		<b>(6,453)</b>	(7,245)	<b>(14,243)</b>	(14,191)
Employee benefit expenses		<b>(804)</b>	(877)	<b>(1,600)</b>	(1,824)
Depreciation and amortisation		<b>(452)</b>	(407)	<b>(897)</b>	(837)
Operating lease charges		<b>(286)</b>	(79)	<b>(563)</b>	(160)
Exchange differences, net		<b>(45)</b>	303	<b>(31)</b>	364
Other operating expenses		<u><b>(949)</b></u>	<u>(838)</u>	<u><b>(1,639)</b></u>	<u>(1,383)</u>
<b>Profit from operating activities</b>		<b>1,416</b>	2,402	<b>3,695</b>	4,104
Finance costs		<u><b>(381)</b></u>	<u>(428)</u>	<u><b>(727)</b></u>	<u>(910)</u>
<b>Profit/(Loss) before income tax</b>	3	<b>1,035</b>	1,974	<b>2,968</b>	3,194
Income tax expense	4	<u><b>(981)</b></u>	<u>(253)</u>	<u><b>(1,214)</b></u>	<u>(412)</u>
<b>Profit/(Loss) for the period</b>		<u><b>54</b></u>	<u>1,721</u>	<u><b>1,754</b></u>	<u>2,782</u>

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2010	2009	2010	2009
Notes		S\$'000	S\$'000	S\$'000	S\$'000
<b>Other comprehensive income, including reclassification adjustments for the period</b>					
Exchange gain/(loss) on translation of foreign operations		<u>106</u>	<u>(1,217)</u>	<u>174</u>	<u>(1,134)</u>
<b>Total comprehensive income for the period</b>		<u><b>160</b></u>	<u><b>504</b></u>	<u><b>1,928</b></u>	<u><b>1,648</b></u>
<b>Profit attributed to:</b>					
Owners of the Company		<u>56</u>	<u>1,722</u>	<u>1,759</u>	<u>2,784</u>
Minority interests		<u>(2)</u>	<u>(1)</u>	<u>(5)</u>	<u>(2)</u>
		<u><b>54</b></u>	<u><b>1,721</b></u>	<u><b>1,754</b></u>	<u><b>2,782</b></u>
<b>Total comprehensive income attributed to:</b>					
Owners of the Company		<u>160</u>	<u>523</u>	<u>1,933</u>	<u>1,666</u>
Minority interests		<u>–</u>	<u>(19)</u>	<u>(5)</u>	<u>(18)</u>
		<u><b>160</b></u>	<u><b>504</b></u>	<u><b>1,928</b></u>	<u><b>1,648</b></u>
<b>Earnings per share attributable to the owners of the Company for the period</b>					
Basic (Singapore cent)	5	<u><b>0.01</b></u>	<u>0.40</u>	<u><b>0.40</b></u>	<u>0.64</u>
Diluted (Singapore cent)		<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 December 2009 S\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,153	9,752
Leasehold lands		820	829
Prepaid rental expenses		6,378	6,455
Non-current receivables	6	4	4
		<u>17,355</u>	<u>17,040</u>
<b>Current assets</b>			
Inventories		7,797	5,088
Trade receivables	7	15,246	14,066
Prepayment, deposits and other current assets	9	33,290	27,269
Due from a director		4	4
Pledged deposits		3,588	3,140
Cash and cash equivalents		5,680	10,060
		<u>65,605</u>	<u>59,627</u>
<b>Current liabilities</b>			
Trade payables	8	1,873	1,888
Accruals and other payables		11,233	10,085
Pension and other employee obligations		20	28
Bills payable		8,871	9,931
Borrowings		7,546	5,427
Due to related companies		50	50
Due to directors		3,796	3,095
Tax payable		5,552	5,736
		<u>38,941</u>	<u>36,240</u>

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2010	2009
<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>
<b>Net current assets</b>	<b><u>26,664</u></b>	<b><u>23,387</u></b>
<b>Total assets less current liabilities</b>	<b><u>44,019</u></b>	<b><u>40,427</u></b>
<b>Non-current liabilities</b>		
Borrowings	2,038	2,110
Deferred tax	<u>229</u>	<u>230</u>
	<b><u>2,267</u></b>	<b><u>2,340</u></b>
<b>NET ASSETS</b>	<b><u>41,752</u></b>	<b><u>38,087</u></b>
<b>EQUITY</b>		
Equity attributable to Company's owners		
Share capital	10,417	9,637
Reserves	<u>30,984</u>	<u>28,094</u>
	<b><u>41,401</u></b>	<b><u>37,731</u></b>
Minority interests	<u>351</u>	<u>356</u>
<b>Total equity</b>	<b><u>41,752</u></b>	<b><u>38,087</u></b>

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2009 and 2010

	Equity attributable to owners of the Company					Minority Interest	Total Equity
	Issued capital S\$'000	Share premium* S\$'000	Capital reserve* S\$'000	Translation reserve* S\$'000	Retained profits* S\$'000		
As at 1 January 2009	9,637	5,179	1,689	(1,784)	21,348	386	36,455
Profit for the period	—	—	—	—	2,784	(2)	2,782
Other comprehensive income, including reclassification adjustments							
Translation difference	—	—	—	(1,118)	—	(16)	(1,134)
Total comprehensive income for the period	—	—	—	(1,118)	2,784	(18)	1,648
As at 30 June 2009	<u>9,637</u>	<u>5,179</u>	<u>1,689</u>	<u>(2,902)</u>	<u>24,132</u>	<u>368</u>	<u>38,103</u>
As at 1 January 2010	9,637	5,179	1,689	(2,049)	23,275	356	38,087
Profit for the period	—	—	—	—	1,759	(5)	1,754
Other comprehensive income, including reclassification adjustments							
Translation difference	—	—	—	174	—	—	174
Total comprehensive income for the period	—	—	—	174	1,759	(5)	1,928
Proceeds from shares issued	780	974	—	—	—	—	1,754
Share issue expenses	—	(17)	—	—	—	—	(17)
Transactions with owners	780	957	—	—	—	—	1,737
Profit for the period	<u>10,417</u>	<u>6,136</u>	<u>1,689</u>	<u>(1,875)</u>	<u>25,034</u>	<u>351</u>	<u>41,752</u>

\* These reserves accounts comprise the consolidated reserves of S\$30,984,000 (as at 31 December 2009: S\$28,094,000) in the consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2010*

	<b>(Unaudited) Six months ended 30 June 2010 S\$'000</b>	<b>(Unaudited) Six months ended 30 June 2009 S\$'000</b>
Net cash generated from/(used in) operating activities	<b>(6,829)</b>	(4,034)
Net cash generated from/(used in) investing activities	<b>(815)</b>	2,024
Net cash generated from/(used in) financing activities	<b><u>3,254</u></b>	<u>(3,858)</u>
Net increase/(decrease) in cash and cash equivalents	<b>(4,390)</b>	(5,868)
Translation adjustment	<b>(119)</b>	(894)
Cash and cash equivalents, at beginning of period	<b><u>10,060</u></b>	<u>7,717</u>
Cash and cash equivalents, at end of period	<b><u><u>5,551</u></u></b>	<u><u>955</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>5,680</b>	989
Bank overdrafts	<b><u>(129)</u></b>	<u>(34)</u>
	<b><u><u>5,551</u></u></b>	<u><u>955</u></u>

Notes:

## 1. BASIS OF PREPARATION

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.

The unaudited condensed consolidated interim financial statements 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 (“GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31 December 2009.

## 2. REVENUE

Revenue of the Group is recognised by category as follows:

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
	<b>2010</b> <b>S\$'000</b>	<b>2009</b> <b>S\$'000</b>	<b>2010</b> <b>S\$'000</b>	<b>2009</b> <b>S\$'000</b>
Sales of motor vehicles	<b>1,879</b>	3,682	<b>5,573</b>	7,711
Servicing of motor vehicles and sales of auto parts	<b>6,709</b>	6,007	<b>13,172</b>	11,282
Technical fee income	<b>777</b>	1,250	<b>1,869</b>	1,984
	<b><u>9,365</u></b>	<b><u>10,939</u></b>	<b><u>20,614</u></b>	<b><u>20,977</u></b>
<b>Other income</b>				
Rental income	<b>472</b>	478	<b>1,050</b>	964
Interest income	<b>7</b>	15	<b>16</b>	33
Other income	<b>561</b>	113	<b>988</b>	161
	<b><u>1,040</u></b>	<b><u>606</u></b>	<b><u>2,054</u></b>	<b><u>1,158</u></b>



## Segment Information – Group

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- Activity 1: Sales of motor vehicles and provision of car-related technical services;
- Activity 2: Servicing of motor vehicles and sales of auto parts and
- Activity 3: Commission income from sales of cars from German Automobiles Pte Ltd. ("GAPL") to German Automobiles Limited ("GAL") (i.e. intra-group)

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	(Unaudited)			
	Six months ended 30 June 2010			
	Activity 1	Activity 2	Activity 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>				
From external customers	7,443	13,171	–	20,614
From other segments	–	–	224	224
<b>Reportable segment revenue</b>	<u>7,443</u>	<u>13,171</u>	<u>224</u>	<u>20,838</u>
<b>Reportable segment profit</b>	<u>1,282</u>	<u>2,406</u>	<u>224</u>	<u>3,912</u>
Bank interest income	6	10	–	16
Depreciation and amortisation of non-financial assets	(97 )	(300 )	–	(397)
Gain on disposal of property, plant and equipment	–	–	159	159
<b>Reportable segment assets</b>	<b>23,593</b>	<b>45,754</b>	<b>–</b>	<b>69,347</b>
Addition to non-current segment assets during the year	–	239	–	239
<b>Reportable segment liabilities</b>	<u><b>10,474</b></u>	<u><b>10,833</b></u>	<u><b>1,789</b></u>	<u><b>23,096</b></u>

	(Unaudited)			
	Six months ended 30 June 2009			
	Activity 1	Activity 2	Activity 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>				
From external customers	9,695	11,282	–	20,977
From other segments	<u>–</u>	<u>–</u>	<u>308</u>	<u>308</u>
<b>Reportable segment revenue</b>	<u>9,695</u>	<u>11,282</u>	<u>308</u>	<u>21,285</u>
<b>Reportable segment profit</b>	<u>1,877</u>	<u>2,283</u>	<u>308</u>	<u>4,468</u>
Bank interest income	27	6	–	33
Depreciation and amortisation of non-financial assets	(97 )	(251 )	–	(348)
Gain on disposal of property, plant and equipment	–	–	43	43
<b>Reportable segment assets</b>	23,290	44,569	–	67,859
Addition to non-current segment assets during the year	–	138	–	138
<b>Reportable segment liabilities</b>	<u>12,836</u>	<u>7,893</u>	<u>656</u>	<u>21,385</u>

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	(Unaudited) Six months ended 30 June 2010 S\$'000	(Unaudited) Six months ended 30 June 2009 S\$'000
Reportable segment revenues	20,838	21,285
Elimination of inter segment revenues	<u>(224)</u>	<u>(308)</u>
Group revenues	<u>20,614</u>	<u>20,977</u>
Reportable segment profit	3,912	4,468
Other income	1,004	194
Rental income	1,050	964
Unallocated corporate expenses	(2,047)	(1,214)
Finance costs	(727)	(910)
Elimination of inter segment profits	<u>(224)</u>	<u>(308)</u>
Profit before income tax	<u>2,968</u>	<u>3,194</u>

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	(Unaudited) Six months ended 30 June 2010 S\$'000	(Unaudited) Six months ended 30 June 2009 S\$'000	(Unaudited) Six months ended 30 June 2010 S\$'000	(Unaudited) Six months ended 30 June 2009 S\$'000
Singapore (domicile)	–	–	74	94
The PRC	20,614	20,977	14,613	13,022
Unallocated assets	–	–	2,668	2,241
	<u>20,614</u>	<u>20,977</u>	<u>17,355</u>	<u>15,357</u>

The place of domicile is determined based on the location of central management.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

### 3. PROFIT BEFORE INCOME TAX

	(Unaudited) three months ended 30 June 2010 S\$'000		(Unaudited) six months ended 30 June 2010 S\$'000	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
(a) Finance costs				
Interest charges on bank loans, overdrafts and other borrowings wholly repayable within five years	357	407	680	868
Interest element of finance lease rental payments	24	21	47	42
	<u>381</u>	<u>428</u>	<u>727</u>	<u>910</u>
(b) Employee benefits expenses				
Contributions to defined contribution plans	17	19	39	37
Salaries, wages and other benefits	787	858	1,561	1,787
	<u>804</u>	<u>877</u>	<u>1,600</u>	<u>1,824</u>

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
(c) Other items				
Depreciation of leased assets	247	207	486	425
Other assets	166	161	334	335
(Gain)/Loss on disposal of fixed assets	61	38	159	43
Amortisation of prepaid rental expenses	39	39	77	77

#### 4. INCOME TAX EXPENSE

The charge comprises:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
Current – Hong Kong Charge for the period	55	106	168	159
Current – Overseas ((over)/under provision in prior period/current period provision)	926	147	1,046	253
Total income tax expenses	981	253	1,214	412

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

The Group has no material unprovided deferred taxation for the period (2009: Nil)

#### 5. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to equity holders of the Company for the three months ended 30 June 2010 of approximately S\$56,000 (2009: S\$1,722,000) and on the weighted average number of 438,023,757 (2009: 433,000,000) ordinary shares in issue during the three months ended 30 June 2010.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2010 and 2009 respectively.

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2010 of approximately S\$1,759,000 (2009: S\$2,784,000) and on the weighted average number of 438,023,757 (2009: 433,000,000) ordinary shares in issue during the six months ended 30 June 2010.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2010 and 2009 respectively.

## 6. NON-CURRENT RECEIVABLES

	(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
Advances to NAGC Group *	1,417	450
Advances to Zhong Bao Group**	<u>23,491</u>	<u>19,368</u>
	<b>24,908</b>	19,818
Portion classified as current asset (note 9)	<u>(24,904)</u>	<u>(19,814)</u>
Non-current portion	<u><b>4</b></u>	<u><b>4</b></u>

\* *North Anhua Group Corporation ("NAGC") and certain of its subsidiaries and related companies ("NAGC Group")*

\*\* *Xiamen Zhong Bao Automobiles Co., Limited ("Xiamen Zhong Bao") and certain of its subsidiaries and related companies ("Zhong Bao Group")*

## 7. TRADE RECEIVABLES

The credit periods of the Group usually range from 3 to 9 months. The aging analysis of trade receivables is as follows:

	(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
0 – 90 days	3,124	4,250
91 – 180 days	4,424	4,208
181 – 365 days	5,553	3,496
Over 1 year	<u>2,713</u>	<u>2,698</u>
	<b>15,814</b>	14,652
Less: allowance for impairment of receivables	<u>(568)</u>	<u>(586)</u>
	<u><b>15,246</b></u>	<u><b>14,066</b></u>

## 8. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
0 – 30 days	278	928
31 – 180 days	979	293
181 – 365 days	178	25
1 to 2 years	47	256
Over 2 years	391	386
	<u>1,873</u>	<u>1,888</u>

## 9. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
Current portion of non-current receivables ( <i>note 6</i> )	24,904	19,814
Current portion of prepaid rental expenses	153	153
Other prepayments, deposits and other current assets	8,233	7,302
	<u>33,290</u>	<u>27,269</u>

## 10. COMMITMENTS

### a. Operating lease commitments

#### As lessee:

As at 30 June 2010, the Group had total future minimum lease payment under non-cancellable operating leases, which are payable as follows:

	(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
Within one year	274	216
After one year but within five years	<u>286</u>	<u>78</u>
	<u><b>560</b></u>	<u><b>294</b></u>

### b. Contingent liabilities

As at 30 June 2010, contingent liabilities of the Group not provided for are analysed as follows:

		(Unaudited) As at 30 June 2010 S\$'000	(Audited) As at 31 Dec 2009 S\$'000
	<i>Notes</i>		
Guarantees for bank loans to NAGC Group:	(1)	3,917	3,931
Guarantees for bank loans to Zhong Bao Group:	(2)	<u>23,896</u>	<u>23,896</u>
		<u><b>27,813</b></u>	<u><b>27,827</b></u>

#### Notes:

- (1) The Group's fixed deposits of approximately S\$1,608,000 (2009: S\$1,613,000) are pledged to secure these banking facilities at the end of the reporting date.
- (2) Leasehold lands and buildings of approximately of S\$821,000 (2009: S\$829,000) and S\$140,000 (2009: S\$141,000) respectively are pledged to bank to secure banking facilities up to approximately S\$22,660,000 (2009: S\$22,660,000) granted to Zhong Bao Group at the end of the reporting date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the six months ended 30 June 2010, revenue of the group maintained at approximately S\$21 million as compared to the same period in 2009. The gross profit margin slightly decreased from 32.3% to 30.9%. Throughout the period, the increase in servicing of motor vehicles was set off by the decrease in sales of motor vehicles and technical fee income, yet the overall total revenue is still maintained.

The operating leases charges increased from S\$160,000 to S\$563,000 due to the increase of rental and maintenance expenses of servicing centres in China.

#### **1. Sales of motor vehicles**

Revenue generated from the sales of motor vehicles for the Interim Period was approximately S\$5,573,000, representing a decrease of approximately 27.7% as compared to the corresponding period in 2009. The decrease was mainly due to the change in fiscal policy for tax incentive in purchasing imported vehicles which directly affected the passenger cars market.

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

Revenue generated from servicing of motor vehicles and sales of auto parts significant increased by approximately 16.8% to approximately S\$13,172,000 as compared to the corresponding period in 2009. This increase was due to the continuous demand of sales support for premier vehicles. Further servicing capacity has been expanded according.

#### **3. Technical fee income**

Technical fee income was received from Zhong Bao Group for the provision of management consulting and technical assistance on the locally assembled BMW vehicles. For the six months ended 30 June 2010 was approximately S\$1,869,000, decreased slightly by approximately 5.7% compared to the corresponding period in 2009 as the market slowed down its recovery.

#### **4. Car rental business**

The operation of car rental business in Hong Kong for the six months ended 30 June 2010 maintained at approximately S\$1 million. Same as the first quarter this year, the economy in Macau has been in a standstill, the operation in Macau has not yet commenced.



## **Prospects**

In the 2010 Beijing Auto Show held recently, the China chief of BMW expects its China sales to surge by 30 percent this year. While the markets in the US and Europe dropped due to the financial crisis, China continues going. In fact the luxury goods market in China is rising extremely fast. The automotive business in China as well as the related servicing sectors have been seeing significant benefits through the dynamic economy growth of China.

The Group will continue to strive for greater breakthrough in its business with its long term business partners, cooperating stably with a win-win situation, expanding its product portfolio to fulfill our customers' desires and needs at appropriate time so as to enhance its competitiveness, sustainability, as well as its position in the industry and market shares.

The Group will also explore the car rental business with its customers so as to enhance the profitability and cashflow of the local business operations.

## **FINANCIAL REVIEW**

### ***Revenue***

Revenue for the Interim Period recovered to the performance before the global financial crisis at approximately S\$20,614,000. Income of servicing of motor vehicles attributed to approximately half of the total revenue. For the Interim Period, the sales of motor vehicles decreased as a result of the decrease in tax incentive on premier vehicles, while the revenue generated from servicing of motor vehicles and sales of auto parts played a major role and recorded increases. Income generated from the car rental sector as well recorded satisfactory increases.

### ***Gross Profit***

The gross profit for the Interim Period was approximately S\$6,371,000. The contribution from servicing of motor vehicles was offset by the decrease in sales of vehicles and the technical fee income. In addition, the operating lease charges increase from S\$160,000 to S\$563,000 due to the increase in rental and operating expenses of servicing centres.

### ***Exchange Loss***

For the Interim Period, the exchange loss of the Group amounted to approximately S\$31,000, whereas exchange gain amounted to approximately S\$364,000 was recorded for the corresponding period in 2009. The exchange loss was mainly resulted from the translation of accounts receivables, accounts payables and inter-company balances from Renminbi, Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

### ***Other Operating Expenses***

For the Interim Period, other operating expenses were maintained at approximately S\$1,639,000 (2009: S\$1,383,000).

### ***Profit Attributable to Owners of the Company***

The profit attributed to owners of the Company for the Interim Period amounted to approximately S\$1,759,000 representing a decrease of approximately 36.8% compared to the corresponding period in 2009. The decrease is mainly due to the under-provision of PRC income tax for previous years.

### ***Financial Resources and Liquidity***

As at 30 June 2010, shareholders' fund of the Group amounted to approximately S\$41,752,000 (31 December 2009: S\$38,087,000). Current assets amounted to approximately S\$65,605,000 (31 December 2009: S\$59,627,000). Of which, approximately S\$9,268,000 (31 December 2009: S\$13,200,000) were cash and bank deposits. Current liabilities, amounted to approximately S\$38,941,000 (31 December 2009: S\$36,240,000), were mainly the trade payables, bills payables, bank loans, accruals and other payables, bank overdrafts and obligations under finance leases. The Group had non-current liabilities amounted to approximately S\$2,267,000 (31 December 2009: S\$2,340,000). The net asset value per share as at 30 June 2010 was approximately S\$0.088 (31 December 2009: S\$0.088).

### ***Gearing Ratio***

The Group expresses its gearing ratio as a percentage of bills payable, bank borrowing and long-term debts over total assets. As at 30 June 2010, the gearing ratio of the Group was 0.22 (31 December 2009: 0.23).

### ***Contingent Liabilities***

In addition to the guarantees for bank loans to NAGC Group and Zhong Bao Group disclosed above, the Group has executed guarantees amounting to approximately S\$53,335,000 (31 December 2009: S\$53,487,000) with respect to banking facilities made available to the subsidiaries.

### ***Charges on Group Assets***

As at 30 June 2010, the Group pledged time deposits of approximately S\$3,588,000 (31 December 2009: S\$3,140,000) to several banks for banking facilities for the Group and a related company of North Anhua Group Corporation ("NAGC"). Leasehold lands and buildings of approximately S\$821,000 (31 December 2009: S\$829,000) and S\$140,000 (31 December 2009: S\$141,000 respectively are pledged to bank to secure banking facilities up to approximately S\$22,660,000 (31 December 2009: S\$22,660,000) granted to Zhong Bao Group at the period end date.

### ***Employee Information***

As at 30 June 2010, the total number of employee of the Group was about 150. For the Interim Period, the staff costs including directors' remuneration of the Group amounted to approximately 7.8% of the revenue of the Group and was approximately S\$1,600,000, down 12.3% as compared to the corresponding period in 2009. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

### ***Retirement Benefits***

During the Interim Period, the aggregate amount of the employer's contribution of the Group under Central Provident Fund in Singapore and Mandatory Provident Fund in Hong Kong amounted to approximately S\$40,000 (2009: S\$37,000) in aggregate.

### ***Capital Structure of the Group in Debt Securities***

During the Interim Period and the corresponding period in 2009, the Group has no debt securities in issue.

### ***Materials Acquisitions and Disposals of Subsidiaries and Affiliated Companies***

During the Interim Period and the corresponding period in 2009, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

### ***Material Investments or Capital Assets***

As at 30 June 2010, the Group had no future plans for material investment and purchase of capital assets.

### ***Placing of 43.3 Million New Shares***

On 24 May 2010, the Company and the five independent subscribers ("Subscribers") entered into the subscription agreements in relation to the subscription of an aggregate of 43,300,000 subscription shares by the Subscribers at the subscription price of HK\$0.225 per subscription share.

The subscription shares represent about 10.0% of the issued share capital of the Company before enlarged by the subscription shares and about 9.09% of the Company's issued share capital as enlarged by the subscription shares.

The gross proceeds of the subscription amounted to approximately HK\$9.74 million. After deducting relevant expenses, the net proceeds of about HK\$250,000 from the subscription, the net proceeds from the subscription amounted to approximately HK\$9.50 million. The net proceeds from the subscription was applied as general working capital of the Group and may also be used to finance feasible acquisition(s) as identified by the Board in future.

Completion of the subscription of the 43,300,000 subscription shares has taken place on 10 June 2010.

## Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

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

As at 30 June 2010, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares

Name	Capacity	Number of shares held				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Loh Nee Peng	Interest of a controlled corporation	–	–	100,149,480 (Note 1)	–	100,149,480	21.03%
Loh Boon Cha	Deemed interest	–	54,865,480 (Note 2)	45,284,000 (Note 2)	–	100,149,480	21.03%

### Notes:

1. The 100,149,480 shares are held as to 54,865,480 shares by Big Reap International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held Big Reap International Limited and Loh & Loh Construction Group Ltd.

2. The 100,149,480 shares are held as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which is interested as to 21% by Mr. Loh Boon Cha; and as to 54,865,480 shares by Big Reap International Limited which is interested as to 100% by Mr. Loh Nee Peng. By virtue of SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Big Reap International Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 June 2010, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITION OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, the persons or corporations (other than directors or chief executive of the Company) who have interests or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 1)	45,284,000	9.51%
Loh Kim Her	Interest of a controlled corporation (Note 2)	53,284,000	11.18%
Fang Zhun Chun	Beneficial owner	90,792,000	19.06%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation (Note 3)	95,141,925	19.98%

*Notes:*

1. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Him Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Him Her and the father of Mr. Loh Nee Peng.
2. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of the SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.
3. The 95,141,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony, as well as 376,000 shares held directly as beneficial owner. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.

Save as disclosed above, as at 30 June 2010, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## **DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES**

None of the Directors or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

During the six months ended 30 June 2010, the Company did not adopt any share option scheme, nor did it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

## **ADVANCES TO ENTITIES**

Pursuant to the Rules 17.15 and 17.17, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the "Assets Ratio"). As at 30 June 2010, the Company's total assets were approximately S\$82,960,000.

	(Unaudited) As at 30 June 2010 S\$'000    HK\$'000		% of Assets Ratio	(Unaudited) As at 31 March 2010 S\$'000    HK\$'000		Increment as compared to Assets Ratio
<b>NAGC Group:</b>						
Prepaid rental advances	6,482	36,011	7.8%	6,520	36,222	N/A
Advances to NAGC	1,417	7,872	1.7%	1,411	7,839	N/A
Guarantee to NAGC	<u>3,917</u>	<u>21,761</u>	<u>4.7%</u>	<u>3,923</u>	<u>21,794</u>	<u>N/A</u>
	<u><b>11,816</b></u>	<u><b>65,644</b></u>	<u><b>14.2%</b></u>	<u><b>11,854</b></u>	<u><b>65,855</b></u>	
<b>Zhong Bao Group*:</b>						
Advances to Zhong Bao Group	23,491	130,506	28.3%	22,931	127,394	0.2%
Guarantees to Zhong Bao Group	<u>23,896</u>	<u>132,756</u>	<u>28.8%</u>	<u>23,780</u>	<u>132,111</u>	<u>N/A</u>
	<u><b>47,387</b></u>	<u><b>263,262</b></u>	<u><b>57.1%</b></u>	<u><b>46,711</b></u>	<u><b>259,505</b></u>	
	<u><b>59,203</b></u>	<u><b>328,906</b></u>	<u><b>71.4%</b></u>	<u><b>58,565</b></u>	<u><b>325,360</b></u>	

\* *Being Xiamen Zhong Bao and certain of its subsidiaries and related companies (the “Zhong Bao Group”)*

- 1) The details of transactions to NAGC which are of trading nature and remain outstanding as at 30 June 2010 are announced as follows:

#### **Prepaid rental Advances due from NAGC**

As at 30 June 2010, prepaid rental expenses amounted to approximately S\$6,482,000 (equivalent to approximately HK\$36,011,000) (as at 31 March 2010: S\$6,520,000; equivalent to approximately HK\$36,222,000) were made in accordance with the co-operation agreement in March 2000 and entered into between the Group and China National Automatic Anhua Hertz Services Centre Co. Ltd. (“CNA Anhua (Hertz)”) a wholly owned subsidiary of NAGC for the construction of three showrooms/service centres and related facilities in the Guangdong Province, Xiamen and Beijing. CNA Anhua (Hertz) is not connected with the Company, the Directors, chief executive,



substantial shareholder or management shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). As further disclosed in the circular under the section headed “Update on Progress of the Co-operation Projects with North Anhua Group Corporation and its Related Companies” issued by the Company dated 6 January 2004 (the “Circular”), according to the supplemental agreement entered between the Group and CNA Anhua (Hertz) dated 15 October 2002, the establishment of a showroom/service centre in Guangdong Province was not pursued. Therefore, the number of service centres was reduced to two. The Directors are of the view that the construction of showrooms/service centres and related facilities under these co-operation projects are important to the Group to achieve its business objectives as mentioned in the Prospectus and the prepaid rental expenses were made under normal commercial terms and in the ordinary course of business of the Group. The prepaid rental expenses entitled the Group to use such facilities for 50 years from the date of completion of the developments. The prepaid rental expense for the development project in Beijing was completed in December 2001. The development project in Haichang, Xiamen was completed in December 2003. The prepaid rental expenses were unsecured and interest free. The prepaid rental expenses for each of the said development project are amortized on a straight line basis over 50 years from the date of completion.

### **Advances to NAGC**

Approximately S\$1,417,000 (equivalent to approximately HK\$7,872,000) (as at 31 March 2010: S\$1,411,000; equivalent to approximately HK\$7,839,000) were advanced to NAGC Group, representing 1.7% of the Group’s Asset’s Ratio. The advances were for their purchase of automobiles and related import tax expenses so as to leverage the distribution network of NAGC Group for marketing and promotional purposes. As disclosed under the section headed “Risk Factors” of the Prospectus, the PRC imposes restrictions on the imports of motor vehicles. NAGC Group is one of the eligible entities in the PRC which are allowed to distribute imported automobiles in the PRC. The Directors considered that the Group’s reliance on NAGC Group in promoting sales of imported cars in the PRC and the provision of advances to NAGC Group by the Group in this regard are normal commercial practice. The advances were unsecured, interest free and repayable in or before December 2010.

### **Guarantee to NAGC**

Guarantee in the amount of approximately S\$3,917,000 (equivalent to approximately HK\$21,761,000) (as at 31 March 2010: S\$3,923,000; equivalent to approximately HK\$21,794,000) were provided to a bank in respect of banking facilities granted to NAGC Group. The guarantees were for the banking facilities granted for the use in car rental business by the Three Sub-licensees. The Group is negotiating with the correspondent bank to release the above guarantees. The Group does not have any security or receive any considerations from NAGC Group by giving such guarantee.



- 2) The details of transactions to Zhong Bao Group which are of trading nature and remain outstanding as at 30 June 2010 are announced as follows:

### **Advances to Zhong Bao Group**

As at 30 June 2010, advances of approximately S\$23,491,000 (equivalent to approximately HK\$130,506,000) (as at 31 March 2010: S\$22,931,000; equivalent to approximately HK\$127,394,000) were advanced to Zhong Bao Group, representing 28.3% of the Group's Assets Ratio. The advances were made for the marketing activities the PRC manufactured BMW motor vehicles in accordance with a co-operation agreement entered between Xiamen Zhong Bao and the Group on 7 October 2003. There comprised a portion were the technical fee income derived from the provision of management consulting and technical assistance to Zhong Bao Group in relation to their sales of the PRC manufactured BMW motor vehicles. The amounts due from Xiamen Zhong Bao were unsecured, interest free and repayable in cash by the end of December 2010.

### **Guarantees to Zhong Bao Group**

Guarantees in the amount of approximately S\$23,896,000 (equivalent to approximately HK\$132,756,000) (as at 31 March 2010: S\$23,780,000; equivalent to approximately HK\$132,111,000) were provided to a bank in respect of banking facilities granted to Zhong Bao Group. The guarantees were for the bank facilities granted for the use in car trade business of Zhong Bao Group. The amount of guarantees to Zhong Bao Group represents 28.8% of the unaudited total assets of the Group as at 30 June 2010.

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

During the six months ended 30 June 2010, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

## **CORPORATE GOVERNANCE**

The Company has complied with the standards and requirements concerning board practices and procedures of the Board as set out in Rules 5.34 of the GEM Listing Rules. The Board also considers that the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual report for the year ended 31 December 2009.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules on 5 June 2002. The audit committee comprises four independent non-executive Directors, namely Mr. Yin Bin, Mr. Lin Ju Zheng, Mr. Lee Kwok Yung and Miss Song Qi Hong. The duties of the audit committee include reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee has received the interim results and provided comments.

These unaudited condensed consolidated financial results have been reviewed by the audit committee of the Company and were approved by the board of directors on 13 August 2010.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

## **DIRECTORS OF THE COMPANY**

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, 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, Mr. Lin Ju Zheng and Miss Song Qi Hong.

By Order of the Board  
**G.A. Holdings Limited**  
**Loh Nee Peng**  
*Managing Director*

Hong Kong, 13 August 2010

*This announcement will remain on the "Latest Company Announcements" page on the GEM website at [www.hkgem.com](http://www.hkgem.com), the HKEx website at [www.hkexnews.hk](http://www.hkexnews.hk) and the company's website at [www.ga-holdings.com.hk](http://www.ga-holdings.com.hk) for at least 7 days from the date of its posting.*