

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

G.A. 控股有限公司



2007 third quarterly report



(Stock Code: 8126)

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM which neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks rising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

The board (the "Board") of directors (the "Directors") of G.A. Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2007

	Notes	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
		2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Revenue	2	11,459	16,548	31,506	50,670
Other income	2	532	483	1,713	1,549
		11,991	17,031	33,219	52,219
Cost of sales		(8,780)	(12,519)	(24,910)	(40,085)
Employee benefit expenses		(550)	(533)	(1,522)	(1,658)
Depreciation and amortisation		(371)	(329)	(1,087)	(996)
Operating lease charges		(84)	(113)	(246)	(283)
Exchange differences, net		223	312	143	652
Other operating expenses		(887)	(1,097)	(2,309)	(2,491)
Profit from operating activities		1,542	2,752	3,288	7,358
Finance costs, net		(851)	(696)	(2,478)	(2,600)
Profit before income tax		691	2,056	810	4,758
Income tax expense	3	(39)	(458)	(112)	(909)
Profit for the period		652	1,598	698	3,849
Attributed to:					
Equity holders of the Company		652	1,600	700	3,860
Minority interests		-	(2)	(2)	(11)
Profit for the period		652	1,598	698	3,849
Earnings per share for profit attributable to the equity holders of the Company during the period					
Basic (Singapore cent)	4	0.16	0.40	0.17	0.97
Diluted (Singapore cent)	4	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2006 and 2007

	Issued capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
As at 1 January 2006	9,040	4,006	1,689	301	14,292	29,328	421	29,749
Net gains/(losses) recognised directly in equity								
Translation difference	-	-	-	(2,039)	-	(2,039)	(21)	(2,060)
Profit/(loss) for the period	-	-	-	-	3,860	3,860	(11)	3,849
Total recognised Income/expenses	-	-	-	(2,039)	3,860	1,821	(32)	1,789
As at 30 September 2006	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(1,738)</u>	<u>18,152</u>	<u>31,149</u>	<u>389</u>	<u>31,538</u>
As at 1 January 2007	9,040	4,006	1,689	(2,215)	17,324	29,844	352	30,196
Net gains/(losses) recognised directly in equity								
Translation difference	-	-	-	905	-	905	8	913
Profit/(loss) for the period	-	-	-	-	700	700	(2)	698
Total recognised Income/expenses	-	-	-	905	700	1,605	6	1,611
As at 30 September 2007	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(1,310)</u>	<u>18,024</u>	<u>31,449</u>	<u>358</u>	<u>31,807</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, and provision of management services in respect of car rental business.

The unaudited condensed consolidated financial results 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") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation adopted in these unaudited consolidated results of the Group are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31 December 2006.

2. Revenue

Revenue, which is the Group's turnover, is recognised by category as follows:

	(Unaudited) three months ended		(Unaudited) nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Sales of motor vehicles	6,573	11,085	18,739	38,330
Servicing of motor vehicles and sales of auto parts	3,461	3,109	10,104	8,624
Technical fee income	1,425	2,354	2,663	3,716
	11,459	16,548	31,506	50,670
Other income				
Rental income – Sublease	467	434	1,515	1,381
Other income	65	49	198	168
	532	483	1,713	1,549

3. Income tax expenses

The charge comprises:

	(Unaudited) three months ended		(Unaudited) nine months ended	
	30 September 2007 S\$'000	2006 S\$'000	30 September 2007 S\$'000	2006 S\$'000
Hong Kong profits tax	29	62	70	209
Overseas taxation	10	396	42	700
	<u>39</u>	<u>458</u>	<u>112</u>	<u>909</u>

Hong Kong profit tax has been provided at the rate of 17.5% on the estimated assessable profit of the Hong Kong subsidiary for the nine months ended 30 September 2007 and 2006.

Singapore income tax is calculated based on the estimated assessable profit of Singapore subsidiaries at the rate of 20% for the nine months ended 30 September 2007 and 2006.

No PRC enterprise income tax has been provided for the PRC subsidiaries as they incurred losses for taxation purposes during the nine months ended 30 September 2007 and 2006.

4. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2007 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$652,000 (2006: S\$1,600,000) and on the 400,000,000 (2006: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2007 and 2006.

The calculation of basic earnings per share for the nine months ended 30 September 2007 was based on the unaudited consolidated profit attributable to shareholders of approximately S\$700,000 (2006: S\$3,860,000) and on the 400,000,000 (2006: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2007 and 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 2007, a decline of sales was recorded. Turnover of the group recorded a decrease of 37.8%, while gross profit margin for the Group stays at 21%. The Group manages its best endeavor to ensure that our expansion plan is on due pace by shifting our focus on more profitable area. The decrease in turnover was, however, a result of decrease in sales of the car distribution sector when compared to the sudden boom of car sales in the corresponding period last year. Both servicing and car rental income recorded increase as a result of the implementation of profit margin oriented strategy. The deliberate shrink of the car sales sector has minimized the exchange risk exposure; the Board considered it as a wise decision to make as recent turbulences of the Euro market would have definitely increased cost of sales.

1. Sales of motor vehicles

For the nine months ended 30 September 2007, the turnover generated from sales of motor vehicles was approximately S\$18,739,000, representing a decrease of approximately 51% as compared to the corresponding period in 2006. The decrease was mainly due to the change of business strategy of the Group. The sales of motor vehicles comprise 59.5% of the total turnover.

2. Servicing of motor vehicles and sales of auto parts

For the nine months ended 30 September 2007, the turnover generated from servicing of motor vehicles and sales of auto parts increased by approximately 17.2% to approximately S\$10,104,000 as compared to the corresponding period in 2006. The increase of revenue echoes with the increment of our car sales previously as auto parts and servicing are essential complements to the hiking demand of luxurious vehicles.

3. Technical fee income

Technical fee income for the nine months ended 30 September 2007 was approximately S\$2,663,000, decreased by approximately 28.3% compared to the corresponding period in 2006 as a result of the expiration of the management and technical service agreement with NAGC, which took place after the third quarter of 2006.

4. Car rental business

The operation of car rental business in Hong Kong has been expanded steadily. The sector grew at a 9% rate compared to the corresponding period last year, totaling an amount of approximately S\$1,515,000. In addition to the establishing extra service location, the Group acquired more cars and employed more staff to provide services of higher quality to car rental customers. Increased fleet size and diversified marketing strategies sparks an extensive approach to reach out different targeted customer segments thereby increases sales. The Group will expand its base of operations by exploring new business activities in Macau.

FINANCIAL REVIEW

Turnover

The unaudited consolidated turnover for the nine months ended 30 September 2007 decreased to approximately S\$31,506,000 from approximately S\$50,670,000 for the corresponding period in 2006. This represented a decrease of approximately 37.8%. The decrease was mainly contributed by the decrease in sales of motor vehicles.

Gross profit

The gross profit for the nine months ended 30 September 2007 was approximately S\$6,596,000, a decrease of approximately 37.7% as compared to the corresponding period in 2006. The decrease in gross profit was due to decreased sales for motor vehicles. The gross profit margin was approximately 21% for the nine months ended 30 September 2007, up 1% of the corresponding period in 2006 (2006: 20%).

Exchange gain

For the nine months ended 30 September 2007, the exchange gain was approximately S\$143,000, a decrease of approximately 78% as compared to the corresponding period in 2006. The exchange gain was mainly realized gain resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

Other operating expenses

For the nine months ended 30 September 2007, other operating expenses were approximately S\$2,309,000 representing a decrease of approximately 7% as compared to the corresponding period in 2006. This was mainly due to the decrease of legal and professional fees.

Profit attributable to shareholders

The profit attributable to shareholders for the nine months ended 30 September 2007 was approximately S\$698,000, representing a decrease of approximately 82% compared to the corresponding period in 2006.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (nine months ended 30 September 2006: Nil).

PROSPECTS

Recent global commodity boom drives steel prices to a rocket high. This is a significant concern of the automotive industry. Driven by the robust demand of raw material especially within developing countries, the increment in price of steel would exert pressure on the anticipated price of automobiles. Coupled with factors such as the soaring Euro exchange rate and overheating economy in China, the cost of automobiles is expected to increase drastically in the near future which may erode the profit margin to an even lower level. Problems of hiking oil prices, worries of inflation, overcapacity and overwhelmed competition have justify our strategy in the expansion of higher margin segment in the automobile businesses.

Looking forward, we will continue to pave the way to seeking opportunities in mergers and acquisitions at appropriate time as to ride with the trend of such rosy prospect of the stock market. Leveraging at corporate levels set forth a blueprint for the group's expansion plan. We will strive for the best to maximize shareholder's return and aim for a dynamic growth.

DIRECTOR'S INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, 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 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 the required standard of dealings by directors as referred to in 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 ordinary 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 <i>(Note 1)</i>	-	100,149,480	25.04%
Loh Boon Cha	Deemed interest	-	54,865,480	45,284,000 <i>(Note 2)</i>	-	100,149,480	25.04%

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 by 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 the 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 September 2007, 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 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS

As at 30 September 2007, 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:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 1)	5,284,000	11.32%
ComfortDelGro Corporation Limited	Interest of a controlled corporation (Note 2)	44,600,000	11.15%
Loh Kim Her	Interest of a controlled corporation (Note 3)	53,284,000	13.32%
Chan Hing Ka Anthony	Interest of a controlled corporation (Note 4)	94,765,925	23.69%

Notes:

1. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Kim Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony, Mr. Loh Kim Her and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.
2. The 44,600,000 shares are held by ComfortDelGro (China) Pte Limited., the wholly owned subsidiary of ComfortDelGro Corporation Limited. By virtue of SFO, ComfortDelGro Corporation Limited is deemed to be interested in the shares held by Comfort (China) Pte Ltd.
3. 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 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.
4. The 94,765,925 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. 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 September 2007, 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 chief executives or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

COMPETING INTERESTS

During the nine months ended 30 September 2007, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the nine months ended 30 September 2007, the Company did not adopt any share option schemes, 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 September 2007, the Company's total assets were approximately S\$106,644,000.

	(Unaudited)		% of Assets Ratio	(Unaudited)	
	As at 30 September 2007			As at 30 June 2007	
	<i>S\$'000</i>	<i>HK\$'000</i>		<i>S\$'000</i>	<i>HK\$'000</i>
Zhong Bao Group*					
Advances to					
Zhong Bao Group	16,936	86,851	15.9%	18,368	93,714
Guarantees to					
Zhong Bao Group	24,240	124,307	22.7%	24,000	122,449

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

ADVANCES TO ZHONG BAO GROUP

As at 30 September 2007, advances of approximately S\$16,936,000 (equivalent to approximately HK\$86,851,000) (as at 30 June 2007: S\$18,368,000; equivalent to approximately HK\$93,714,000) were advanced to Zhong Bao Group, representing 15.9% of the Group's Assets Ratio. The advances were made for the marketing activities for 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. The amounts due from Zhong Bao Group were unsecured, interest free and repayable in cash by the end of March 2008.

GUARANTEES TO ZHONG BAO GROUP

Guarantees in the amount of approximately S\$24,240,000 (equivalent to approximately HK\$124,307,000) (as at 30 June 2007: S\$24,000,000; equivalent to approximately HK\$122,449,000) 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 22.7% of the unaudited total assets of the Group as at 30 September 2007.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2007, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.30 of the GEM Listing Rules on 5 June 2002. The audit committee comprises three independent non-executive Directors, namely Mr. Yin Bin, Mr. Zhang Lei and Mr. Lee Kwok Yung. The duties of the audit committee includes reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advices and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

These unaudited condensed consolidated financial statements for the nine months end 30 September 2007 have been reviewed by the audit committee of the Company on 9 November 2007 and were approved by the board of directors on 14 November 2007.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2007.

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 and Mr. Zhang Lei.

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

Hong Kong, 14 November 2007

