



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)

Interim Report 2009





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

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This report, for which the directors (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

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 2009 (the “Interim Period”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2009

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Turnover	2	10,939	8,320	20,977	19,143
Other income	2	606	521	1,158	1,167
		11,545	8,841	22,135	20,310
Cost of sales		(7,245)	(6,411)	(14,191)	(15,317)
Employee benefits expenses		(877)	(563)	(1,824)	(1,128)
Depreciation and amortisation		(407)	(371)	(837)	(726)
Operating lease charges		(79)	(69)	(160)	(154)
Other operating expenses		(838)	(800)	(1,383)	(1,422)
Profit from operating activities		2,099	627	3,740	1,563
Finance costs		(428)	(575)	(910)	(1,389)
Profit/(Loss) before income tax	3	1,671	52	2,830	174
Income tax expense	4	(253)	(111)	(412)	(226)
Profit/(Loss) for the period		1,418	(59)	2,418	(52)
Other comprehensive income for the period					
Exchange differences, net		303	7	364	109
Total comprehensive income for the period		1,721	(52)	2,782	57



	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Profit attributed to:					
Owners of the Company		1,419	(58)	2,420	(50)
Minority interests		(1)	(1)	(2)	(2)
		1,418	(59)	2,418	(52)
Total comprehensive income attributed to:					
Owners of the Company		1,722	(51)	2,784	59
Minority interests		(1)	(1)	(2)	(2)
Profit/(Loss) for the period		1,721	(52)	2,782	57
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period					
Basic (Singapore cent)	5	0.40	(0.01)	0.64	0.01
Diluted (Singapore cent)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED FINANCIAL POSITION

As at 30 June 2009

	Notes	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 December 2008 S\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		7,965	8,003
Leasehold lands		859	876
Prepaid rental expenses		6,533	6,612
Non-current receivables	6	4	4
		15,361	15,495
Current assets			
Inventories		2,825	2,071
Trade receivables	7	15,306	12,576
Prepayment, deposits and other current assets	9	37,870	36,113
Due from a director		4	11
Pledged deposits		3,222	5,804
Cash and cash equivalents		989	7,917
		60,216	64,492
Current liabilities			
Trade payables	8	1,698	1,453
Accruals and other payables		9,618	11,843
Pension and other employee obligations		27	27
Bills payable		11,310	11,732
Borrowings		5,609	9,232
Due to related companies		50	50
Due to directors		2,608	2,517
Tax payable		5,822	5,919
		36,742	42,773



	(Unaudited)	(Audited)
	As at	As at
	30 June	30 June
	2009	2008
Notes	S\$'000	S\$'000
Net current assets	23,474	21,719
Total assets less current liabilities	38,835	37,214
Non-current liabilities		
Borrowings	494	511
Deferred tax	238	248
	732	759
NET ASSETS	38,103	36,455
EQUITY		
Equity attributable to Company's owners		
Share capital	9,637	9,637
Reserves	28,098	26,432
	37,735	36,069
Minority interests	368	386
Total equity	38,103	36,455

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2008 and 2009

	Equity attributable to owners of the Company							Total
	Issued capital S\$'000	Share premium* S\$'000	Capital reserve* S\$'000	Translation reserve* S\$'000	Retained profits* S\$'000	Total S\$'000	Minority Interest S\$'000	
As at 1 January 2008	9,040	4,006	1,689	(3,612)	19,924	31,047	346	31,393
Translation difference	-	-	-	84	-	84	3	87
Net income recognised directly in equity	-	-	-	84	-	84	3	87
Profit for the period	-	-	-	-	59	59	(2)	57
Total recognized income/ (expenses) for the period	-	-	-	84	59	143	1	144
As at 30 June 2008	9,040	4,006	1,689	(3,528)	19,983	31,190	347	31,537
As at 1 January 2009	9,637	5,179	1,689	(1,784)	21,348	36,069	386	36,455
Translation difference	-	-	-	(1,118)	-	(1,118)	(18)	(1,136)
Net income/(expenses) recognised directly in equity	-	-	-	(1,118)	-	(1,118)	(18)	(1,136)
Profit/(loss) for the period	-	-	-	-	2,784	2,784	-	2,784
Total recognized income/ (expenses) for the period	-	-	-	(1,118)	2,784	1,666	(18)	1,648
As at 30 June 2009	9,637	5,179	1,689	(2,902)	24,132	37,735	368	38,103

* These reserves accounts comprise the consolidated reserves of S\$28,098,000 (as at 31 December 2008: S\$26,432,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	(Unaudited) Six months ended 30 June 2009 S\$'000	(Unaudited) Six months ended 30 June 2008 S\$'000
Net cash generated from/(used in) operating activities	(4,034)	8,405
Net cash generated from/(used in) investing activities	2,024	2,116
Net cash (used in) financing activities	(3,858)	(10,405)
Net increase/(decrease) in cash and cash equivalents	(5,868)	116
Translation adjustment	(894)	(229)
Cash and cash equivalents, at beginning of period	7,717	2,250
Cash and cash equivalents, at end of period	955	2,137
Analysis of balances of cash and cash equivalents		
Cash and bank balances	989	2,332
Bank overdrafts	(34)	(195)
	955	2,137

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 2008.

These unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and were approved by the board of directors on 14 August 2009.

2. TURNOVER

Turnover of the Group is recognised by category as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
Turnover				
Sales of motor vehicles	3,682	3,790	7,711	10,391
Servicing of motor vehicles and sales of auto parts	6,007	3,966	11,282	7,706
Technical fee income	1,250	564	1,984	1,046
	10,939	8,320	20,977	19,143
Other income				
Car rental income – sublease	478	428	964	942
Interest income on financial assets stated at amortised cost	15	33	33	124
Other income	113	60	161	101
	606	521	1,158	1,167

Segment Information

Primary reporting format – business segment

The Group is organised with three 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 and
- Activity 3: Commission income from sales of cars from German Automobiles Pte Ltd. (“GAPL”) to German Automobiles Limited (“GAL”) (i.e. intra-group)

Business segment analysis as at and for the six months ended 30 June 2009 is as follows:

	Activity 1	Activity 2	Activity 3	Inter-segment elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Turnover					
External sales	9,695	11,282	–	–	20,977
Inter-segment sales	–	–	308	(308)	–
	9,695	11,282	308	(308)	20,977
Segment results	1,510	2,283	100	–	3,893
Unallocated expenses					(153)
Profit from operating activities					3,740
Finance costs					(910)
Profit before income tax expenses					2,830
Income tax expense					(412)
Profit for the six months ended 30 June 2009					2,418

Business segment analysis as at and for the six months ended 30 June 2008 is as follows:

	Activity 1	Activity 2	Activity 3	Inter-segment elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Turnover					
External sales	11,437	7,706	–	–	19,143
Inter-segment sales	–	–	413	(413)	–
	11,437	7,706	413	(413)	19,143
Segment results	588	940	176	–	1,704
Unallocated expenses					(141)
Profit from operating activities					1,563
Finance costs					(1,389)
Profit before income tax expenses					174
Income tax expense					(226)
Loss for the six months ended 30 June 2008					(52)

Secondary reporting format – geographical segment

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

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
PRC	10,939	8,320	20,977	19,143

3. PROFIT BEFORE INCOME TAX

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2008	2008	2008	2008
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Finance costs				
Interest charges on bank loans, overdrafts and other borrowings wholly repayable within five years	407	557	868	1,352
Interest element of finance lease rental payments	21	18	42	37
	428	575	910	1,389
(b) Employee benefits expenses				
Contributions to defined contribution plans	19	18	37	37
Salaries, wages and other benefits	858	545	1,787	1,091
	877	563	1,824	1,128
(c) Other items				
Depreciation of leased assets	207	185	425	368
Other assets	161	148	335	282
(Gain)/Loss on disposal of fixed assets	38	40	43	83
Amortisation of prepaid rental expenses	39	38	77	76

4. INCOME TAX EXPENSE

The charge comprises:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Current – Hong Kong Charge for the period	106	53	159	120
Current – Overseas (over)/under provision in prior period/current period provision)	147	58	253	106
Total income tax expenses	253	111	412	226

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 (2008: Nil).

5. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the unaudited consolidated gain/(loss) attributable to equity holders of the Company for the three months ended 30 June 2009 of approximately S\$1,722,000 (2008: (S\$51,000)) and on the 433,000,000 (2008: 400,000,000) ordinary shares in issue during the three months ended 30 June 2009.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2009 and 2008 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 2009 of approximately S\$2,784,000 (2008: S\$59,000) and on 433,000,000 (2008: 400,000,000) ordinary shares in issue during the six months ended 30 June 2009.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2009 and 2008 respectively.

6. NON-CURRENT RECEIVABLES

	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
Advances to NAGC Group*	2,706	2,055
Advances to Zhong Bao Group**	20,490	14,253
	23,196	16,308
Portion classified as current asset (note 9)	(23,192)	(16,304)
Non-current portion	4	4

* 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 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
0 – 90 days	4,763	4,585
91 – 180 days	4,299	4,152
181 – 365 days	3,309	1,217
Over 1 year	3,505	3,213
	15,876	13,167
Less: allowance for impairment of receivables	(570)	(591)
	15,306	12,576

8. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
0 – 30 days	739	842
31 – 180 days	281	117
181 – 365 days	230	119
1 to 2 years	114	2
Over 2 years	334	373
	1,698	1,453

9. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
Current portion of non-current receivables (note 6)	23,192	16,304
Current portion of prepaid rental expenses	153	153
Other prepayments, deposits and other current assets	14,525	19,656
	37,870	36,113



10. COMMITMENTS

a. Operating lease commitments

As lessee:

As at 30 June 2009, the Group had total future minimum lease payment under non-cancellable operating leases, which are payable as follows:

	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
Within one year	190	529
After one year but within five years	130	455
Over five years	8	–
	520	984

b. Contingent liabilities

As at 30 June 2009, contingent liabilities of the Group not provided for are analysed as follows:

	(Unaudited) As at 30 June 2009 S\$'000	(Audited) As at 31 Dec 2008 S\$'000
Notes		
Guarantees for bank loans to NAGC Group: (1)	4,052	4,222
Guarantees for bank loans to Zhong Bao Group: (2)	25,652	26,741
	29,704	30,963

Notes:

- (1) The Group's fixed deposits of approximately S\$1,654,000 (2008: S\$1,632,000) are pledged to secure these banking facilities at the end of the reporting date.
- (2) Leasehold lands and buildings of approximately of S\$607,000 (2008: S\$613,000) and S\$143,000 (2008: S\$144,000) respectively are pledged to bank to secure banking facilities up to approximately S\$1,272,000 (2008: S\$1,326,000) 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 2009, an increase of sales was recorded. Turnover of the group recorded an increase of 9.6%, while gross profit margin for the Group increase from 20.0% to 32.3%. Though the global economy is facing severe challenge and is slowing down, the automobile market in China performed with a steady growth during the period. The Group concentrates its business in surviving the high profit yield and cost effectiveness area is proved as correct where the demand of expertise servicing is irreplaceable. The increase in turnover was indeed owing to the strong internal demand which had previously been suppressed under the global economy downturn. The increase in gross profit margin was attributed to the sector of servicing of motor vehicles.

1. Sales of motor vehicles

Turnover generated from the sales of motor vehicles for the Interim Period was approximately S\$7,711,000, representing a decrease of approximately 25.8% as compared to the corresponding period in 2008. The decrease was mainly due to the contraction in sales of motor vehicles in China early in the year. The sales of motor vehicles comprise 36.8% of the total turnover. As for comparison to the corresponding period last year, there recorded a decrease on the composition of turnover which was 54.3% in year 2008.

2. Servicing of motor vehicles and sales of auto parts

For the six months ended 30 June 2009, the turnover generated from servicing of motor vehicles and sales of auto parts significant increased by approximately 46.4% to approximately S\$11,282,000 as compared to the corresponding period in 2008. The increase of turnover echoes with the services on our car sales previously as auto parts and professional servicing are essential complements to the hiking demand of luxurious vehicles.

3. Technical fee income

Technical fee income for the six months ended 30 June 2009 was approximately S\$1,984,000, increased by approximately 89.7% compared to the corresponding period in 2008 as a result of the increase in car sales since beginning of the second quarter when the market is steadily recovered in China.



4. Car rental business

The operation of car rental business in Hong Kong for the six months ended 30 June 2009 was approximately S\$964,000. 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

While the pace of the impact of global financial crisis slightly slows down, the China's automotive market has experienced tremendous growth upon the relatively stronger recovery of economy in China.

First-time buyers focus on the vehicle service and other product aspects, while experienced buyers look for an established brand and vehicles that provide driving pleasure. The important purchasing attributes are functional in nature such as design, good handling, high levels of comfort, good safety features and utility become vitally important. These customer needs match timely and perfectly with the characteristics of products and services of the Group.

Seeing the strong recovery of the economy in China in the second half the year, the suspended demand of luxury cars is likely to resume to its original uptrend. The Group will continue to enhance its competitiveness and market position through its unmatched professional customer services.

FINANCIAL REVIEW

Turnover

Turnover for the Interim Period recovered to the performance before the global financial crisis at approximately S\$20,977,000. Income of servicing of motor vehicles attributed to approximately half of the total turnover. For the Interim Period, the sales of motor vehicles decreased as a result of the change of business strategy, while the turnover 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\$6,786,000, a strong recovery from the downturn in corresponding period in 2008. Yet the performance has resumed to those in year 2007. The gross profit was mainly due to the increase in turnover from servicing of motor vehicles and auto parts, though it is still suffering from a decrease in the automotive trading sector.

Exchange Gain

For the Interim Period, the exchange gain of the Group amounted to approximately S\$364,000, whereas exchange gain amounted to approximately S\$109,000 was recorded for the corresponding period in 2008. The exchange gain was mainly resulted from the translation of accounts receivables, accounts payables and inter-company balances from Reminbi, 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\$1,383,000.

Profit Attributable to Owners of the Company

The profit attributed to owners of the Company for the Interim Period amounted to approximately S\$2,784,000 representing an increase of approximately 4,618.6% compared to the corresponding period in 2008.

Financial Resources and Liquidity

As at 30 June 2009, shareholders' fund of the Group amounted to approximately S\$38,103,000 (31 December 2008: S\$36,455,000). Current assets amounted to approximately S\$60,216,000 (31 December 2008: S\$64,492,000). Of which, approximately S\$4,211,000 (31 December 2008: S\$13,721,000) were cash and bank deposits. Current liabilities, amounted to approximately S\$ 36,742,000 (31 December 2008: S\$42,773,000), 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\$732,000 (31 December 2008: S\$759,000). The net asset value per share as at 30 June 2009 was approximately S\$0.088 (31 December 2008: S\$0.084).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 30 June 2009, the gearing ratio of the Group was 0.23 (31 December 2008: 0.27).

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\$39,649,000 (31 December 2008: S\$54,723,000) with respect to banking facilities made available to the subsidiaries.



Charges on Group Assets

As at 30 June 2009, the Group pledged time deposits of approximately S\$1,122,000 (31 December 2008: S\$3,925,000) and charged plant and machinery of approximately S\$1,461,000 (31 December 2008: S\$1,628,000) to several banks for banking facilities for the Group.

Employee Information

As at 30 June 2009, 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 8.7% of the turnover of the Group and increased by S\$696,000, up 62.0% as compared to the corresponding period in 2008. 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\$37,000 (2008: S\$38,000) in aggregate.

Capital Structure of the Group in Debt Securities

During the Interim Period and the corresponding period in 2008, 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 2009, the Group had no future plans for material investment and purchase of capital assets.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

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

As at 30 June 2009, 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				Other Interests	Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest				
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 1)		-	100,149,480	23.13%
Loh Boon Cha	Deemed interest	-	54,865,480 (Note 2)	45,284,000 (Note 2)		-	100,149,480	23.13%

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 2009, 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 2009, 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)	45,284,000	10.46%
Loh Kim Her	Interest of a controlled corporation (Note 2)	53,284,000	12.31%
Fang Zhun Chun	Beneficial owner	93,676,000	21.63%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation (Note 3)	95,141,925	21.97%

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 2009, 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 2009, 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 2009, the Company's total assets were approximately S\$75,577,000.



	(Unaudited) As at 30 June 2009		% of Assets Ratio	(Unaudited) As at 31 March 2009		Increment as compared to Assets Ratio
	S\$'000	HK\$'000		S\$'000	HK\$'000	
NAGC Group:						
Prepaid rental advances	6,635	35,481	8.8%	6,673	34,046	0.4%
Advances to NAGC	2,706	14,471	3.6%	1,796	9,163	1.3%
Guarantee to NAGC	4,052	21,668	5.4%	4,256	21,714	N/A
	13,393	71,620	17.8%	12,725	64,923	

Zhong Bao Group *:

Advances to Zhong Bao Group	20,409	109,572	27.1%	15,611	79,648	7.4%
Guarantees to Zhong Bao Group	25,652	137,176	33.9%	26,862	137,051	N/A
	46,142	246,748	61.0%	42,473	216,699	
	59,535	318,368	78.8%	55,198	281,622	

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

Relevant advances in comparison to the previous disclosure is shown below:

	(Unaudited) As at 30 June 2009		% of Assets Ratio	(Unaudited) Previous disclosure As at 30 April 2009		Increment as compared to Assets Ratio
	S\$'000	HK\$'000		S\$'000	HK\$'000	
Zhong Bao Group*:						
Advances to Zhong Bao Group	20,490	109,572	27.1%	19,179	100,942	2.4%

- 1) The details of transactions to NAGC which are of trading nature and remain outstanding as at 30 June 2009 are announced as follows:

Prepaid Rental Advances due from NAGC

As at 30 June 2009, prepaid rental expenses amounted to approximately S\$6,635,000 (equivalent to approximately HK\$35,481,000) (as at 31 March 2009: S\$6,673,000; equivalent to approximately HK\$34,046,000) 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\$2,706,000 (equivalent to approximately HK\$14,471,000) (as at 31 March 2009: S\$1,796,000; equivalent to approximately HK\$9,163,000) were advanced to NAGC Group, representing 3.6% 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 2009.

Guarantee to NAGC

Guarantee in the amount of approximately S\$4,052,000 (equivalent to approximately HK\$21,668,000) (as at 31 March 2009: S\$4,256,000; equivalent to approximately HK\$21,714,000) 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 2009 are announced as follows:

Advances to Zhong Bao Group

As at 30 June 2009, advances of approximately S\$20,409,000 (equivalent to approximately HK\$109,572,000) (as at 31 March 2009: S\$15,611,000; equivalent to approximately HK\$79,648,000) were advanced to Zhong Bao Group, representing 27.1% 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 2009.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately S\$25,652,000 (equivalent to approximately HK\$137,176,000) (as at 31 March 2009: S\$26,862,000; equivalent to approximately HK\$137,051,000) 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 32.0% of the unaudited total assets of the Group as at 30 June 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2009, 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 2008.

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 three independent non-executive Directors, namely Mr. Yin Bin, Mr. Zhang Lei and Mr. Lee Kwok Yung. The duties of the audit committee include reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee has received the interim results and provided comments.

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 and Mr. Zhang Lei.

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

Hong Kong, 14 August 2009