



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)



FIRST QUARTERLY REPORT

2013



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “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.

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 report 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 report misleading.

The board of directors (the “Board”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2013

	Notes	(Unaudited) Three months ended 31 March	
		2013 HK\$'000	2012 HK\$'000
Revenue	2	103,153	60,522
Other income	2	19,171	15,805
		122,324	76,327
Changes in inventories		(77,834)	(42,453)
Employee benefit expenses		(6,625)	(5,985)
Depreciation and amortisation		(4,148)	(3,751)
Operating lease charges		(2,185)	(1,709)
Exchange differences, net		(57)	(2,930)
Other expenses		(7,597)	(5,689)
Profit from operating activities		23,878	13,810
Finance costs		(3,326)	(2,944)
Profit before income tax		20,552	10,866
Income tax	3	823	(2,650)
Profit for the period		21,375	8,216
Other comprehensive income, including reclassification adjustments for the period			
Exchange gain on translation of financial statements of foreign operations		426	4,531
Total comprehensive income for the period		21,801	12,747



		(Unaudited)	
		Three months ended	
		31 March	
Notes	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	
Profit for the period attributed to:			
	21,375	8,235	
	–	(19)	
<hr/>			
	21,375	8,216	
Total comprehensive income attributed to:			
	21,789	12,770	
	12	(23)	
<hr/>			
	21,801	12,747	
Earnings per share attributable to the owners of the Company for the period (HK\$ cents)			
Basic	4	4.49	1.73
Diluted		4.49	1.73

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2013 and 2012

	Equity attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
As at 1 January 2012	47,630	29,522	8,623	28,331	176,445	3,000	293,551	2,035	295,586
Profit for the period	-	-	-	-	8,235	-	8,235	(19)	8,216
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	4,535	-	-	4,535	(4)	4,531
Total comprehensive income for the period	-	-	-	4,535	8,235	-	12,770	(23)	12,747
As at 31 March 2012	47,630	29,522	8,623	32,866	184,680	3,000	306,321	2,012	308,333
As at 1 January 2013	47,630	29,522	8,623	35,342	210,681	-	331,798	2,006	333,804
Profit for the period	-	-	-	-	21,375	-	21,375	-	21,375
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	414	-	-	414	12	426
Total comprehensive income for the period	-	-	-	414	21,375	-	21,789	12	21,801
As at 31 March 2013	47,630	29,522	8,623	35,756	232,056	-	353,587	2,018	355,605



Notes:

1. BASIS OF PREPARATION

The Group is principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

(a) Statement of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “HKFRSs”) and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by 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 adopted for the preparation of these unaudited consolidated statements 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 2012.

(b) Functional and presentation currency

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. REVENUE

Revenue of the Group is recognised by category is as follows:

	(Unaudited) Three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Sales of motor vehicles	31,669	–
Technical fee income	7,380	6,001
Servicing of motor vehicles and sales of auto parts	64,104	54,521
	103,153	60,522

Other income

	(Unaudited)	
	Three months ended	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
Rental income	6,203	4,682
Interest income on financial assets stated at amortised cost	418	143
Warranty claims	6,988	7,671
Other income	5,562	3,309
	19,171	15,805

3. INCOME TAX

The current tax income/(expenses) is comprised of:

	(Unaudited)	
	Three months ended	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	(1,115)	(430)
Current – Overseas		
Charge for the period	(4,530)	(2,220)
Over-provision in respect of prior years	6,468	–
	823	(2,650)

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 profits for the period at the rate of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

The income tax in respect of operations in Singapore is calculated at the rate of 17% on the estimated assessable profits for the period.

The Group has no material unprovided deferred taxation for the period (2012: Nil).



4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2013 was based on the unaudited profit attributable to owners of the Company for the period of approximately HK\$21,375,000 (2012: HK\$8,235,000) and on the weighted average number of 476,300,000 (2012: 476,300,000) ordinary shares in issue during the period.

Diluted earnings per share for the period ended 31 March 2013 and 2012 are the same as the basic earnings per share as there was no dilutive potential ordinary shares for the three months ended 31 March 2013 and 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has continued to maintain its market share and strategic position by staying at the luxury automotive sector in the mainland China during the first quarter in 2013. During the first three months in 2013, the gross profit margin of the Group has continued to align with the business growth from the last quarter in year 2012. However, the trend in sales of luxurious car has been gradually reduced starting in the third quarter from last year, there has been obvious cool down in the luxurious car market, as a result from the introduction of the government macroeconomic policy since the mid of last year. While the management expects that the new RUF series and the existing luxurious automotive business will continue to offer a wider diversity of car models that suits the various needs of our luxury car lovers.

Besides, the comprehensive income for the period has also recorded a significant increase as compared to the first quarter in prior year. During the period, a tax rebate regarding the previous excess tax paid of approximately SGD1,032,000, equivalent to approximately HK\$6,500,000, was received from the Inland Revenue Authority of Singapore (“IRAS”), representing an over-provision of income tax expenses for the year of assessment from prior years from 2005 to 2007. The IRAS has agreed and made revisions on the previously tax assessments during the first quarter in 2013.

1. Sales of motor vehicles

For the three months ended 31 March 2013, the revenue generated from sales of motor vehicles was approximately HK\$31,669,000, representing a decrease of approximately 30.7% as compared to HK\$45,718,000 from the last quarter in year 2012. This was mainly due to the seasonal effect in the sales of motor vehicles and as a result from the introduction on the government macroeconomic policy in the purchase of motor vehicles since last year. The sales of motor vehicles comprise 30.7% of the Group revenue for the period.

2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts have increased by approximately 17.6% to HK\$64,104,000, as compared to the corresponding period in 2012. The increase was consistently due to the continuous customer demand on after sales support for luxurious vehicles, supplemented by the precious service of the Group’s 4S servicing centers in China.



3. Technical fee income

The Group received technical fee income from Zhong Bao Group for providing management consulting and technical assistance for its purchase for the locally assembled BMW vehicles sold.

Technical fee income for the three months ended 31 March 2013 was approximately HK\$7,380,000, increased by approximately 23% as compared to the corresponding period in 2012. The increase was mainly due to the corresponding increase in car sales of locally assembled BMW sold by Zhong Bao Group during the period.

4. Car rental business

The operation of car rental business in Hong Kong for the three months ended 31 March 2013 was approximately HK\$6,203,000, representing an increase of 32.5% compared to the corresponding period in 2012. The increase was mainly due to the increase in customer base over the years, thus builds up the customer loyalty for the Company.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the three months ended 31 March 2013 has significantly increased by 70.4%, from approximately HK\$60,522,000 in the corresponding period in 2012 to approximately HK\$103,153,000 in the current period. The increase was mainly contributed from the segment in sales of motor vehicles, servicing of motor vehicles and sales of auto parts.

Gross profit

The gross profit for the three months ended 31 March 2013 was approximately HK\$25,319,000, as compared to HK\$18,069,000 in the corresponding period from last year. The increase was mainly due to the increase in total revenue generated from the sales of motor vehicles, servicing of motor vehicles and sales of auto parts.

However, the gross profit for the current period has been at a decreasing trend as compared to last two quarters in year 2012. This was due to the introduction of the macroeconomic policy since the mid in year 2012, there has been obvious cool down in the luxurious car market. As a result, the trend of sales of luxurious car has been gradually reduced.

While the gross profit ratio for current period was approximately 24.5%, which is in line with the gross profit ratio of 24.6% from the last quarter in year 2012. However, as compared to the corresponding period in last year, a decrease in gross profit by 5.3% was noted.

Operating lease charges

During the three months ended 31 March 2013, the operating lease charge was approximately HK\$2,185,000 that is in proportion with the annual operating lease charges of approximately HK\$8,416,000 from year 2012.

Exchange loss

During the three months ended 31 March 2013, the exchange loss was approximately HK\$57,000, mainly resulted from the translation of trade receivables, and inter-company balances from Renminbi, Singapore and United States dollars to Hong Kong dollars, offset against the depreciation of EUR dollars against Hong Kong dollars for the settlement and translation for imports and exports bills.

Other expenses

For the three months ended 31 March 2013, other expenses were approximately HK\$7,597,000, representing an increase of approximately 33.5% as compared to the corresponding period in 2012. The increase in other expenses was in consistent with the increase in car sales activity during the first quarter in 2013, as well as due to the increase in advertising, promotional expenses for various marketing campaigns held in China during the first quarter in 2013.

Profit attributable to Owners of the Company

The profit attributable to owners of the Company for the three months ended 31 March 2013 was approximately HK\$21,375,000, representing a sharply increase of approximately 159.6% as compared to the corresponding period in 2012. The increase was mainly due to the increased revenue generated from the segment of sales of motor vehicles, servicing of motor vehicles and sales of auto parts, as well as due to the adjustment on over-provision for income tax expenses during the quarter.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).



PROSPECTS

As discussed in the annual report for the year ended 31 December 2012, global economy is still a standstill except China. Steady growth of economy is expected in China with their change in new leaderships. Governmental policies in controlling the growth of luxury goods market as well as the environmental concerns are implemented. Release of new models of BMW will provide for a robust growth in sales in luxury vehicles market in China.

On the other hand, a shift towards bigger cars and S.U.V., despite huge punitive taxes up to 40% on large engine displacements is drawing much concern in China. The automobiles market in China is adapting to such change and thus many new models are being offered with slightly smaller engines. Growth in luxury cars can still be seen in 2013 but no longer as explosive. While prestigious car is playing an important role in the China market of luxury commodities, the related after sales services and supplementary auto parts contribute further to the Group profit.

The sales of RUF penetrates into the market share progressively. New models of BMW vehicles will be introduced to the market. Our unmatched after sales services and supplementary auto parts supply will continue to core a major contribution to our Group profit after a brilliant start in the first quarter of 2013.

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

As at 31 March 2013, the interests or short positions 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 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 (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:

- The 100,149,480 shares are held as to 54,865,480 shares by Big Reap Investment Limited and as to 45,284,000 shares by Loh & Loh Construction Group Limited, 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 Investment Limited and Loh & Loh Construction Group Limited.
- The 100,149,480 shares are held as to 45,284,000 shares by Loh & Loh Construction Group Limited, which is interested as to 21% by Mr. Loh Boon Cha; and as to 54,865,480 shares by Big Reap Investment 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 Investment Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 31 March 2013, none of the Directors or their associates, has any interests or short positions 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 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.



INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 March 2013, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions 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 Limited	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 Zhen 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 Limited 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 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 Limited, 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 Limited.
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 Limited, which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony, as well as 376,000 shares held directly 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 Limited.

Save as disclosed above, as at 31 March 2013, the Directors are not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' 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 three months ended 31 March 2013, 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 three months ended 31 March 2013, 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

As defined in GEM Rule 17.14, "relevant advance to an entity" means the aggregate of amounts due from and all guarantees given on behalf of (i) an entity; (ii) the entity's controlling shareholder; (iii) the entity's subsidiaries; (iv) the entity's affiliated companies; and (v) any other entity with the same controlling shareholders.

Pursuant to the Rules 17.16 and 17.18, a disclosure obligation arises where the increment of relevant advance amount to an entity from the Group exceeds 3% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the "Assets Ratio"). As at 31 March 2013, the Company's total assets were approximately HK\$672,109,000.

	(Unaudited) As at 31 March 2013 HK\$'000	Assets Ratio (%)	(Audited) As at 31 December 2012 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantee to NAGC	30,024	4.5%	29,856	N/A
Guarantees to Zhong Bao Group*	150,120	22.3%	149,280	N/A
	180,144	26.8%	179,136	

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



Guarantee to NAGC

Guarantee in the amount of approximately HK\$30,024,000 (as at 31 December 2012: approximately HK\$29,856,000) was provided to a bank in respect of banking facilities granted to NAGC Group. The guarantee was 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 guarantee. The Group does not have any security or receive any considerations from NAGC Group by giving such guarantee.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately HK\$150,120,000 (as at 31 December 2012: approximately HK\$149,280,000) were provided to banks 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2013, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 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 provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the period. 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 2012.

AUDIT COMMITTEE

Pursuant to Rule 5.28 to 5.29 of the GEM Listing Rules and Code Provision C.3.3, the Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Yin Bin, Miss Song Qi Hong and Mr. Wong Jacob. Mr. Lee Kwok Yung is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly: (a) to review the Group's annual financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting process and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board. The Audit Committee has received the 2013 first quarter results and provided comments.

The Audit, Nomination and Remuneration Committees have adopted revised written terms of references in compliance with the code C.3.3, A.5.2 and B.1.2 respectively. For further information on the terms of references for the Audit, Nomination, and Remuneration Committees, information are available and published on the Company's website at www.ga-holdings.com.hk and the Stock Exchange website.

The unaudited condensed consolidated financial results have been reviewed by the Audit Committee of the Company and were approved by the Board of Directors on 10 May 2013.

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 three months ended 31 March 2013.

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Loh Nee Peng, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim and Mr. Yeung Chak Sang Johnson. Independent non-executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung, Miss Song Qi Hong and Mr. Wong Jacob.

By Order of the Board
G.A. Holdings Limited
Loh Nee Peng
Executive Deputy Chairman

Hong Kong, 10 May 2013