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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

FINANCIAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the year ended 31 December 2011, as follows:

Consolidated statement of comprehensive income
for the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Revenue	*4*	**394,167**	301,830
Other income	*6*	**70,859**	78,062
Changes in inventories		**(282,004)**	(216,262)
Employee benefit expenses		**(44,835)**	(42,679)
Depreciation and amortisation		**(15,865)**	(12,789)
Operating lease charges		**(8,416)**	(13,142)
Exchange differences, net		**(1,795)**	500
Other expenses		**(45,056)**	(43,336)
Profit from operating activities		**67,055**	52,184
Finance costs		**(11,248)**	(11,150)
Profit before income tax	*7*	**55,807**	41,034
Income tax expense	*8*	**(21,615)**	(11,625)
Profit for the year		**34,192**	29,409
Other comprehensive income, including reclassification adjustments			
Exchange gain on translation of financial statements of foreign operations		**7,027**	8,175
Other comprehensive income, including reclassification adjustments		**7,027**	8,175
Total comprehensive income for the year		**41,219**	37,584
Profit for the year attributable to:			
Owners of the Company		**34,237**	29,454
Non-controlling interests		**(45)**	(45)
		34,192	29,409
Total comprehensive income attributable to:			
Owners of the Company		**41,248**	37,538
Non-controlling interests		**(29)**	46
		41,219	37,584
Earnings per share attributable to owners of the Company for the year (HK$ cents)	*9*		
Basic		**7.19**	6.18
Diluted		**7.19**	6.18

Consolidated statement of financial position
as at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**82,792**	80,434
Leasehold lands		**4,888**	4,767
Prepaid rental expenses		**37,713**	36,480
Non-current receivables		**21**	21
		125,414	121,702
Current assets			
Inventories		**52,153**	30,647
Trade receivables	*10*	**92,791**	93,347
Prepayments, deposits and other current assets		**278,495**	243,646
Due from a director		**26**	26
Pledged deposits		**27,512**	23,902
Cash and cash equivalents		**86,129**	54,904
		537,106	446,472
Current liabilities			
Trade payables	*11*	**15,626**	15,646
Accruals and other payables		**93,830**	83,365
Pension and other employee obligations		**33**	29
Bills payables		**80,985**	42,638
Borrowings		**66,773**	72,478
Due to related companies		**315**	297
Due to directors		**38,615**	34,765
Tax payable		**21,311**	14,978
		317,488	264,196
Net current assets		**219,618**	182,276
Total assets less current liabilities		**345,032**	303,978
Non-current liabilities			
Borrowings		**9,956**	7,120
Deferred tax liabilities		**1,272**	1,272
		11,228	8,392
Net assets		**333,804**	295,586
EQUITY			
Equity attributable to owners of the Company			
Share capital		**47,630**	47,630
Reserves		**284,168**	245,921
		331,798	293,551
Non-controlling interests		**2,006**	2,035
Total equity		**333,804**	295,586

Consolidated statement of changes in equity

for the year ended 31 December 2012

	Equity attributable to owners of the Company								
	Share capital	Share premium*	Capital reserve*	Translation reserve*	Retained profits*	Proposed final dividend*	Total	Non-controlling interests	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	47,630	29,522	8,623	20,247	149,991	–	256,013	1,989	258,002
Profit for the year	–	–	–	–	29,454	–	29,454	(45)	29,409
Other comprehensive income, including reclassification adjustments									
Translation difference	–	–	–	8,084	–	–	8,084	91	8,175
Total comprehensive income for the year	–	–	–	8,084	29,454	–	37,538	46	37,584
2011 proposed final dividend**	–	–	–	–	(3,000)	3,000	–	–	–
At 31 December 2011 and 1 January 2012	47,630	29,522	8,623	28,331	176,445	3,000	293,551	2,035	295,586
Profit for the year	–	–	–	–	34,237	–	34,237	(45)	34,192
Other comprehensive income, including reclassification adjustments									
Translation difference	–	–	–	7,011	–	–	7,011	16	7,027
Total comprehensive income for the year	–	–	–	7,011	34,237	–	41,248	(29)	41,219
Dividend approved in respect of the previous year	–	–	–	–	(1)	(3,000)	(3,001)	–	(3,001)
At 31 December 2012	**47,630**	**29,522**	**8,623**	**35,342**	**210,681**	**–**	**331,798**	**2,006**	**333,804**

* *These reserves accounts comprise the consolidation reserves of HK$284,168,000 (2011: HK$245,921,000) in the consolidated statement of financial position as at 31 December 2012.*

** *The proposed final dividend recommended by the Directors after the reporting date was nil (2011: HK$0.0063) per ordinary share.*

Notes:

1. GENERAL INFORMATION

G.A. Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 5 July 2001. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 financial statements for the year ended 31 December 2012 were approved for issue by the Board on 25 March 2013.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2012

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

At the date of authorisation, the following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments to the following standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interest in Other Entities

HKFRS 12 integrates and make consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors are not yet in a position to quantify the effects on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable 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 financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) 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.

4. REVENUE

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

	2012	2011
	HK$'000	*HK$'000*
Sales of motor vehicles	**135,709**	76,160
Technical fee income	**25,592**	36,365
Servicing of motor vehicles and sales of auto parts	**232,866**	189,305
	394,167	301,830

5. SEGMENT INFORMATION

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:

– Motor vehicles – Sales of motor vehicles and provision of car-related technical services ("Activity 1")

– Servicing service – Servicing of motor vehicles and sales of auto parts ("Activity 2")

– Commission income from sales of cars from German Automobiles Pte Ltd. ("GAPL") to German Automobiles Limited ("GAL") (i.e. intra-group) ("Activity 3")

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

– rental income

– finance costs

– income tax

– corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude corporate assets which are not directly attributable to business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocation have been applied to reportable segments.

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

	2012			
	Activity 1	**Activity 2**	**Activity 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue				
From external customers	**161,301**	**232,866**	**–**	**394,167**
From other segments	**–**	**–**	**4,891**	**4,891**
Reportable segment revenue	**161,301**	**232,866**	**4,891**	**399,058**
Reportable segment profit	**18,946**	**46,409**	**4,891**	**70,246**
Bank interest income	**75**	**549**	**–**	**624**
Depreciation and amortisation of non-financial assets	**(1,198)**	**(6,062)**	**–**	**(7,260)**
Write down of inventories to net realisable value	**(951)**	**–**	**–**	**(951)**
Reportable segment assets	**178,487**	**313,092**	**–**	**491,579**
Addition to non-current segment assets during the year	**–**	**20,230**	**–**	**20,230**
Reportable segment liabilities	**89,731**	**96,690**	**6,794**	**193,215**

	2011			
	Activity 1	Activity 2	Activity 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
From external customers	112,525	189,305	–	301,830
From other segments	–	–	3,047	3,047
Reportable segment revenue	112,525	189,305	3,047	304,877
Reportable segment profit	27,316	20,414	3,047	50,777
Bank interest income	106	246	–	352
Depreciation and amortisation of non-financial assets	(1,204)	(4,776)	–	(5,980)
Write down of inventories to net realisable value	(552)	–	–	(552)
Gain on disposal of property, plant and equipment	–	–	892	892
Reportable segment assets	152,720	293,045	–	445,765
Addition to non-current segment assets during the year	–	9,535	–	9,535
Reportable segment liabilities	49,976	99,272	9,535	158,783

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:

	2012	2011
	HK$'000	*HK$'000*
Reportable segment revenues	**399,058**	304,877
Elimination of inter segment revenues	**(4,891)**	(3,047)
Group revenues	**394,167**	301,830
Reportable segment profit	**70,246**	50,777
Other income	**70,859**	78,062
Unallocated corporate expenses	**(69,159)**	(73,608)
Finance costs	**(11,248)**	(11,150)
Elimination of inter segment profits	**(4,891)**	(3,047)
Profit before income tax	**55,807**	41,034
Reportable segment assets	**491,579**	445,765
Non-current corporate assets	**140,642**	23,812
Current corporate assets	**30,299**	98,597
Group assets	**662,520**	568,174
Reportable segment liabilities	**193,215**	158,783
Non-current corporate liabilities	**9,956**	7,040
Current corporate liabilities	**125,545**	106,765
Group liabilities	**328,716**	272,588

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

	Revenue from external customer		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore (domicile)	**–**	–	**949**	1,056
The PRC	**394,167**	301,830	**94,188**	96,856
Hong Kong	**–**	–	**30,277**	23,790
	394,167	301,830	**125,414**	121,702

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 were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

During 2012, HK$49,209,000 or 12% of the Group's revenue depended on a single customer in sales of motor vehicles and provision of car-related technical service segment (2011: HK$47,087,000 or 16%).

As at 31 December 2012, 14% of the Group's trade receivables were due from this customer (2011: 24%).

6. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Rental income – sublease	**19,093**	15,478
Interest income on financial assets stated at amortised cost	**624**	352
Financial guarantee income	**3,378**	3,506
Warranty claims	**29,068**	36,911
Other income	**18,696**	21,815
	70,859	78,062

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
7.1 Changes in inventories		
Motor vehicles (including impairment loss of inventories of HK$951,000 (2011: HK$552,000))	**126,857**	73,436
Auto parts and accessories	**155,147**	142,826
	282,004	216,262
7.2 Finance costs on financial liabilities stated at amortised cost		
Interest charges on bank loans, overdrafts and other borrowings wholly repayable within five years	**10,520**	10,537
Interest element of finance lease rental payments	**728**	613
	11,248	11,150

7.3 Other items

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**449**	398
Depreciation of property, plant and equipment*	**14,815**	11,743
Gain on disposal of property, plant and equipment	**(1,098)**	(892)
Amortisation of prepaid rental expenses	**953**	949
Annual charges of prepaid operating land lease payments	**97**	97
Impairment loss on trade receivables	**1,173**	–

* *Amount included depreciation charge of HK$5,678,000 (2011: HK$3,864,000) for the Group's assets held under finance leases.*

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the year 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 year 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 year.

	2012	2011
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**2,588**	2,617
Under-provision in prior years	**37**	1,589
Current – Overseas		
Charge for the year	**11,065**	5,377
Under-provision in prior years	**7,925**	2,042
Total income tax expense	**21,615**	11,625

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2012	2011
	HK$'000	*HK$'000*
Profit before income tax	**55,807**	41,034
Tax on profit before income tax calculated at the rates applicable to profits in the tax jurisdictions concerned	**12,541**	8,301
Non-deductible expenses	**3,241**	5,852
Non-taxable revenue	**(2,129)**	(6,159)
Under-provision in prior years	**7,962**	3,631
Income tax expense	**21,615**	11,625

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the owners of the Company for the year of approximately HK$34,237,000 (2011: HK$29,454,000) and on the weighted average number of 476,300,000 (2011: 476,300,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2012 and 2011 are the same as the basic earnings per share as there was no dilutive potential ordinary share for the years ended 31 December 2012 and 2011.

10. TRADE RECEIVABLES

At 31 December 2012, the ageing analysis of trade receivables, based on invoice date, was as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 90 days	**45,330**	39,044
91 – 180 days	**13,137**	30,143
181 – 365 days	**11,133**	8,738
Over 1 year	**27,959**	18,816
	97,559	96,741
Less: allowance for impairment of receivables	**(4,768)**	(3,394)
	92,791	93,347

In addition to the advances to NAGC Group and Zhong Bao Group, the Group's trade receivables included trade debts of HK$71,503,000 (2011: HK$76,023,000) due from Zhong Bao Group as at 31 December 2012.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against trade receivables directly. The movement in the allowance for impairment of trade receivables is as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**3,394**	3,518
Impairment loss recognised during the year	**1,173**	–
Exchanges differences	**201**	(124)
At 31 December	**4,768**	3,394

At each reporting date, the Group's trade receivables were individually determined to assess if they are impaired. The individually impaired receivables are recognised based on the credit history of the customers.

Except for the collateral as stated on page 22 to 23 in this announcement, none of the Group's financial assets are secured by collateral or other credit enhancements.

The majority of the Group's sales are on letter of credit. The Group allows a credit period from 3 months to 9 months to its trade customers. The ageing analysis of trade receivables that are past due but not impaired is as follows:

		2012	2011
	Notes	***HK$'000***	*HK$'000*
Neither past due nor impaired	*(a)*	**65,097**	72,193
1 – 90 days past due	*(a)*	**29**	16,398
91 – 180 days past due	*(a)*	**4,474**	2,794
Over 180 days past due	*(b)*	**23,191**	1,962
		27,694	21,154
		92,791	93,347

(a) The Directors are of the opinion that no further impairment of trade receivables is necessary as there was no recent history of default in respect of these trade receivables.

(b) The Directors are of the opinion that the amount over 180 days past due was not impaired due to almost full settlement after the reporting date.

As at 31 December 2012, trade receivables of HK$65,097,000 (2011: HK$72,193,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a certain number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

The Directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

11. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**6,258**	6,001
31 – 180 days	**2,138**	3,171
181 – 365 days	**3,073**	230
1 – 2 years	**932**	2,664
Over 2 years	**3,225**	3,580
	15,626	15,646

The trade payables are generally with credit terms of 3 months.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's performance in the year 2012 was in line with our optimistic expectations despite continued slowdown in the sales volume in China under a volatile market conditions and global economy.

For the year ended 31 December 2012, the Group has continued to maintain its market share and strategic position by staying at the luxury automotive sector in mainland China and there recorded an increase in total revenue by 30.6%, as compared to the corresponding period in year 2011. In the current year, the Group has introduced a new distributorship business with an European brand called "RUF" series, starting in the second half of the year. As a result, this contributes to the increased group profit from the segment of sales of motor vehicles. The new introduction of the RUF series also extend our core income stream to other prestigious brand that offers a wider diversity of products and services that suits the various need of our luxury car lovers.

Apart from the increase in sales of motor vehicles as mentioned above, the segment of servicing of motor vehicles and auto parts has contributed to more than 50% of total revenue and the revenue generated has increased by approximately 23% as compared to the corresponding period in year 2011. This was consistently due to the continuous demand of after sales support for luxurious vehicles, supplemented by the precious service of the Group's 4S servicing centers in China.

SALES OF MOTOR VEHICLES

The revenue of this segment represented approximately 34.4% of the total Group revenue of the year, amounted to approximately HK$135,709,000. As for comparison to the corresponding period last year, there recorded an increase of approximately 9.2% on the composition of revenue. Except for the reasons as mentioned above, the increase was also due to the continuous demand of deluxe import vehicles and reflecting a stable product prices, even the general inflation in China is still soaring high.

SERVICING OF MOTOR VEHICLES AND SALES OF AUTO PARTS

Revenue generated from the servicing of motor vehicles and sales of auto parts for the year 2012 has increased by 23%. Servicing income increased to approximately HK$232,866,000, contributing 59.1% of the Group's revenue.

TECHNICAL FEE INCOME

The Group received technical income from Xiamen Zhong Bao Automobiles Co., Ltd. ("Xiamen Zhong Bao") and certain of its subsidiaries, collectively (the "Zhong Bao Group") for providing management consulting and technical assistance for its purchase for the locally assembled BMW motor vehicles sold. The locally assembled BMW motor vehicles were introduced since 2003.

Technical fee income for the year ended 31 December 2012 was approximately HK$25,592,000, represented a composition of approximately 6.5% of the total Group's revenue, as compared to approximately 12% in year 2011. The decrease was mainly due to the corresponding decrease in car sales of locally assembled BMW sold by Zhong Bao Group during the year, as well as the rate of technical fee income charged to Zhong Bao Group has reduced by twenty percent since the Interim Period.

CAR RENTAL BUSINESS

The car rental business of the Hong Kong and the Kowloon stations of the Hertz division recorded a total revenue of HK$19,093,000, increased by 23.4% for the year 2012 as compared to the corresponding period in year 2011. While the standstill of economy in Macau continuous, the operation has not yet commenced as at year end.

FINANCIAL REVIEW

Gross profit

The gross profit margin has slightly increased from 28.3% in corresponding period in year 2011 to 28.5% for the year ended 31 December 2012. The slightly increase in gross profit margin was primarily contributed by the new introduction of the sales of RUF series motor vehicles, that have a lower sales volume with a higher margin deluxe products being realized during the year.

Financial resources and liquidity

As at 31 December 2012, shareholders' fund of the Group amounted to approximately HK$333,804,000 (2011: HK$295,586,000). Current assets amounted to approximately HK$537,106,000 (2011: HK$446,472,000). Of which approximately HK$113,641,000 (2011: HK$78,806,000) were cash and bank deposits. Current liabilities amounted to approximately HK$317,488,000 (2011: HK$264,196,000) mainly represents trade payables, bills payables, bank loans, accruals and other payables and current account with affiliated companies. The Group had non-current liabilities amounted to approximately HK$11,228,000 (2011: HK$8,392,000). The net asset value per share as at 31 December 2012 was HK$0.701 (2011: HK$0.621).

Capital Structure of the Group

During the year ended 31 December 2012, the Group had no debt securities in issue (2011: Nil).

The Group obtained funding mainly from trade finance. Bank borrowings are denominated in either HKD, RMB and EUR.

Significant Investment

As at 31 December 2012, the Group had no significant investment held (2011: Nil).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2012, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies (2011: Nil).

Employees

As at 31 December 2012, the total number of employee of the Group was approximately 451(2011: 385). For the year ended 31 December 2012, the staff costs including directors' remuneration of the Group amounted to approximately HK$44,835,000 (2011: HK$42,679,000), contribute to approximately 11.4% of the revenue of the Group and a decrease of approximately 2.7% as compared to that of the year ended 31 December 2011. It is the Group policy to review its employer's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Charges on Group Assets

As at 31 December 2012, the Group pledged time deposits of approximately HK$27,512,000 (2011: HK$23,902,000) 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 HK$4,888,000 (2011: HK$4,767,000) are pledged to bank to secure banking facilities up to approximately HK$149,280,000 (2011: HK$256,672,000) granted to Zhong Bao Group at the balance sheet date.

Material Investments or Capital Assets

As at 31 December 2012, the Group had no future plans for material investment. (2011: Nil)

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including bills payables, short-term and long term bank borrowings, as shown in the consolidated statement of financial position), less cash and cash equivalents, divided by total equity, plus net debt. As at 31 December 2012, the Group had a gearing ratio of 0.18 (2011: 0.19).

Foreign Exchange Exposure

During the year ended 31 December 2012, the Group had an exchange loss of approximately HK$1,795,000 (2011: HK$500,000 gain), mainly resulted from the translation of trade receivables, and inter-company balances from Renminbi, Singapore and United States dollars to Hong Kong dollars, as well as resulted from the depreciation in EUR dollars against Hong Kong dollars for the settlement and translation for the imports and exports bills for purchase of cars from Europe.

Contingent Liabilities

As at 31 December 2012, the Group provided a bank guarantee of approximately HK$29,856,000 (2011: HK$21,750,000) to a bank in respect of banking facilities to a related company of NAGC. As at 31 December 2012, the Group provided bank guarantees amounted to HK$149,280,000 in respect of banking facilities to Zhong Bao Group (2011: HK$256,672,000).

PROSPECTS

During the second half of the year 2012, sales of RUF series has commenced and has been penetrating the market satisfactorily. On the other hand, the sales of the premier luxury BMW vehicles which show strong recovery since the second half year in 2012 continues to contribute to a major portion of the group profit.

According to the sales chef of BMW, it is expecting a high single-digit growth in its vehicles sales in China in 2013 after surging forty percent in 2012. Hence we are expecting another healthy increase in sales with the exciting new models to be released throughout 2013.

While the general economy in the US and Europe is still standstill, China is still targeting another consecutive economic growth in 2013. Release of new models of BMW will provide for a robust growth in sales in luxury vehicles market in China.

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.

By enriching the composition of the Board of Directors and management, the Group will be benefited by the stronger management team in its daily operation and corporate strategy.

Hence the Group is optimistically expecting another fruitful results in 2013.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2012.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors and chief executive 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 had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

For the year ended 31 December 2012, the Company has not adopted any share option scheme, nor does 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 December 2012, the Company's total assets were approximately HK$662,520,000.

	(Audited) As at 31 December 2012 ***HK$'000***	**Assets Ratio** ***(%)***	(Audited) As at 31 December 2011 *HK$'000*	Increment as compared to Assets Ratio *(%)*
Guarantee to NAGC	**29,856**	**4.5%**	21,750	0.7%
Guarantees to Zhong Bao Group*	**149,280**	**22.5%**	256,672	N/A
	179,136	**27.0%**	278,422	

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

	(Audited) As at 31 December 2012	**Assets Ratio**	(Unaudited) As at 30 September 2012	Increment as compared to Assets Ratio
	HK$'000	***(%)***	*HK$'000*	*(%)*
Guarantee to NAGC	**29,856**	**4.5%**	21,711	1.3%
Guarantees to Zhong Bao Group*	**149,280**	**22.5%**	133,164	3.0%
	179,136	**27.0%**	154,875	

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

Guarantee to NAGC

Guarantee in the amount of approximately HK$29,856,000 (as at 31 December 2011: HK$21,750,000) were 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$149,280,000 (as at 31 December 2011: HK$256,672,000) 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2012, 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

Pursuant to rule 18.44 (2) and Appendix 16 of the GEM Listing Rules, the Company wish to state that it has complied with all code provisions set out in the Code on Corporate Governance Practices contained in the Appendix 15 of the GEM Listing Rules (the "Code") during the year.

(1) Corporate Governance Practices

The Group is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making; (ii) the improvement in transparency and disclosure of information to shareholders; (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders; and (iv) the improvement in management of risk and the enhancement of performance by the Group.

The Group has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules (the "Code Provision") throughout the year ended 31 December 2012. Detail of the deviation is set out in the relevant section below.

The Board of Directors ("the "Board") has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

(2) Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions 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 had also made specific enquiry of all Directors and the Company were not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions.

(3) Board of Directors

(a) The Board of the Company is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for the day to day management of the Company which is delegated to the chairman and the management. In practice, the Board take responsibilities for decision making in all major matters of the Company. The day-to-day management, administration and operation of the Company are delegated to the senior executives. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

(b) Retirement of Directors

Under the code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. According to the existing Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In order to comply with the code provision A.4.2, Mr. Loh Boon Cha, Mr. Loh Nee Peng, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim, Mr. Yeung Chak Sang Johnson and Miss Song Qi Hong, will retire at the forthcoming annual general meeting of the Company, and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

(c) Continuous Professional Development

Pursuant to Code Provision A.6.5, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Up to the date of this report, all Directors have participated in continuous professional development by reading relevant materials or in house briefing on the topics related to corporate governance regulations and Directors' duties.

All Directors also understand the importance of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

(d) Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors for year 2012 and onwards.

(4) Chairman and Chief Executive Officer

The Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual to ensure a balance of power and authority. The roles of Chairman, Executive Deputy Chairman and Chief Executive Officer are taken by Mr. Loh Boon Cha, Mr. Loh Nee Peng and Mr. Choy Choong Yew respectively.

The Executive Directors undertake the day-to-day management of the Company's business, whereas the chairman is responsible for management of the Board and strategic planning for the Group and ensure that all Directors are properly briefed on issues arising at board meetings. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement and the operations of the Board which comprises experienced and high caliber individuals with a substantial number thereof being Non-Executive Directors.

(5) Non-executive Directors

In compliance with rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed four Independent Non-Executive Directors, i.e. Mr. Lee Kwok Yung, Mr. Yin Bin, Miss Song Qi Hong and Mr. Wong Jacob, representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

Under code provision A.4.1, Non-Executive Directors should be appointed for a specific term, subject to re-election. Two Independent Non-Executive Directors, Mr. Yin Bin and Miss Song Qi Hong have entered into appointment letters with the Company for a term of five years commencing from 1 July 2011 and 1 August 2010 respectively. Another two Independent Non-Executive Directors, Mr. Lee Kwok Yung and Mr. Wong Jacob have entered into appointment letters with the Company for a term of three years commencing from 1 June 2011 and 30 March 2012 respectively.

Mr. Lee Kwok Yung ("Mr. Lee") and Mr. Yin Bin ("Mr. Yin"), who are Independent Non-Executive Director who was first appointed since year 2002 and have been continuously served as an Independent Non-Executive Director for more than nine years. In accordance with code provision A.4.3, further appointment for Mr. Lee and Mr. Yin should be subject to a separate resolution to be approved by shareholders at the forthcoming annual general meeting. Reasons why the Board believed Mr. Lee and Mr. Yin are still independent are set out in the circular issued by the Company dated on 25 March 2013 accompanying the notice of the 2013 annual general meeting.

(6) Board Committees

Corporate Governance Functions

During the year in regard to the amendments to the Code promulgated by the Stock Exchange, the Company has adopted a revised written terms of references for corporate governance on 30th March 2012 in compliance with the code provision D.3, effective from 1st April 2012. Pursuant to the terms of reference of the corporate governance function, the Board shall be responsible for developing, reviewing and/or monitoring the policies and practices on corporate governance of the Company; training and continuous professional development of Directors and senior management; and compliance with legal and regulatory requirements of the Company. This update report on corporate governance has been reviewed by the Board in discharge of its corporate governance function.

The Board Committees, including the Nomination, Remuneration and Audit Committees have all adopted the applicable practices and procedures used in board meetings for all committee meetings.

(a) Nomination Committee

The Nomination Committee of the Company was established on 29 September 2006 and comprises of one Executive Director and two Independent Non-Executive Directors, namely Mr. Loh Boon Cha, Mr. Yin Bin and Mr. Wong Jacob as members. Mr. Loh Boon Cha is the Chairman of the Nomination Committee. During the year in regard to the amendments to the Code promulgated by the Stock Exchange, the Committee adopted a revised written terms of references in compliance with the code A.5.2.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors and senior management, and assessment of the independence of the Independent Non-Executive Directors. Further details on the terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2012, the Nomination Committee had held three meetings for makings recommendation to the Board on appointment of Executive Deputy Chairman and Executive Directors, and assessment of the independence of the Independent Non-Executive Directors during the year and all members attended the meeting.

(b) Remuneration Committee

The Remuneration Committee was formed on 27 September 2005 and is made up of three Independent Non-Executive Directors, namely Mr. Lee Kwok Yung, Mr. Yin Bin and Mr. Wong Jacob. Mr. Lee Kwok Yung is the Chairman of the Remuneration Committee. During the year in regard to the amendments to the Code promulgated by the Stock Exchange, the Committee adopted a revised written terms of references in compliance with the code B.1.2.

The Remuneration Committee is principally responsible for make recommendations to the Board on policies and structure for remuneration of Directors and senior management and on the establishment for a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the Executive Directors and the senior management and other related matters when needs arise. The Remuneration Committee shall consult the Chairman and/or the Managing Director of the Company about these recommendations on remuneration policy and structure and remuneration packages. Further details on the terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2012, the Remuneration Committee had met twice to discuss and review the remuneration policy and structure of the Company and remuneration packages of the Independent Non-Executive Directors and the senior management under review for the year and all members attended the meeting.

(c) 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. During the year in regard to the amendments to the Code promulgated by the Stock Exchange, the Committee adopted a revised written terms of references in compliance with the code C.3.3.

The primary duties of the Audit Committee are mainly to (a) review the Group's annual financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting process and the internal control procedures of the Group; and (c) liaise with the external auditor at least twice a year and provide advice and comments thereon to the Board. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2012, the Audit Committee held four meetings. The attendance record of each member of the Committee is set out as below:

Non-Executive Directors	**Attendance**
Lee Kwok Yung *(Chairman)*	4/4
Yin Bin	4/4
Song Qi Hong	4/4
Wong Jacob (appointed on 30 March 2012)	3/3

The Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions to improve them. The Committee also carried out and discharged its duties set out in Code. In the course of doing so, the Committee has met the company's management, qualified accountant and external auditors during the year 2012.

(7) Company Secretary

Mr. Yeung Chak Sang Johnson ("Mr. Yeung") was appointed as the company secretary of the Group since 26 May 2005. Pursuant to code provision F.1.1 to 1.3, he should possess day-to-day knowledge on the Company's affairs and responsible for advising the Board through the chairman on all governance matters and facilitates the induction and professional development of all Directors.

Up to date of this report, Mr. Yeung has undertaken not less than 15 hours of relevant professional training.

(8) Internal Controls

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular need of the Group and the risks to which it is exposed. The Board reviews at least annually the overall effectiveness of the Group's internal control system.

The Board has reviewed and maintained the effectiveness of the Group's internal control system, including financial, operational, compliance controls and risk management functions.

A Statement of Director responsibilities for preparing the financial statements is set out in this annual financial statement. The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report.

(9) Investor Relations

The Board considers that maintaining continuous and effective communication with shareholders is crucial to and is a key element of establishing shareholders' confidence and attracting new investors. These includes (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) latest updates and key information of the Company are available on the website of the Company, that offers a communication channel between the Company and its shareholders and investors; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

(10) Communications With Shareholders

In accordance with the code provision E.1.2, the Chairman of the Board should attend the annual general meeting. Due to business commitment in the PRC, Mr. Loh Boon Cha, Chairman of the Board, was unable to attend the annual general meeting in person. Yet he has appointed Mr. Lin Ju Zheng, an Executive Director, whom should report to him on any enquiries shareholders might have. Besides, Mr. Lee Kwok Yung, the Chairman of the Audit Committee and Remuneration Committee has attended the 2012 AGM to answer questions of shareholders.

The Company held its annual general meeting on 11 May 2012; the Company has invited representatives of the external auditor of the Company to attend the 2012 AGM to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company was adopted a shareholders' communication policy and procedures, with effect from 22 March 2012. The policy and procedures are available on the website of the Company.

A statement of Directors' responsibilities for preparing the financial statements is set out in the Annual Report. The Auditor's Report states auditors' reporting responsibilities.

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 shares during the year ended 31 December 2012.

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.

On behalf of the Board
G.A. Holdings Limited
Loh Nee Peng
Executive Deputy Chairman

Hong Kong, 25 March 2013

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the company's website at www.ga-holdings.com.hk.