

Third Quarterly Report **2008**

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)



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

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

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

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

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

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

The board (the “Board”) of directors (the “Directors”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2008

	Notes	(Unaudited) three months ended 30 September		(Unaudited) nine months ended 30 September	
		2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Revenue	2	9,908	11,459	29,051	31,506
Other income	2	<u>492</u>	<u>644</u>	<u>1,659</u>	<u>1,835</u>
		10,400	12,103	30,710	33,341
Cost of sales		(7,793)	(8,780)	(23,110)	(24,910)
Employee benefit expenses		(553)	(550)	(1,681)	(1,522)
Depreciation and amortisation		(387)	(371)	(1,113)	(1,087)
Operating lease charges		(74)	(84)	(228)	(246)
Exchange differences, net		(53)	223	56	143
Other operating expenses		(523)	(887)	(1,945)	(2,309)
Profit from operating activities		1,017	1,654	2,689	3,410
Finance costs		(638)	(963)	(2,027)	(2,600)
Profit/(Loss) before income tax		379	691	662	810
Income tax expense	3	(75)	(39)	(301)	(112)
Profit/(Loss) for the period		304	652	361	698
Attributed to:					
Equity holders of the Company		305	652	364	700
Minority interests		(1)	—	(3)	(2)
Profit/(Loss) for the period		304	652	361	698
Earnings per share for profit/(loss) attributable to the equity holders of the Company during the period					
Basic (Singapore cents)	4	0.08	0.16	0.09	0.17
Diluted (Singapore cents)	4	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2007 and 2008

	Equity attributable to equity holders of the Company							Total equity S\$'000
	Issued capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total S\$'000	Minority interests S\$'000	
As at 1 January 2007	9,040	4,006	1,689	(2,215)	17,324	29,844	352	30,196
Net gains/(loss) recognised directly in equity								
Translation difference	-	-	-	905	-	905	8	913
Profit/(loss) for the period	-	-	-	-	700	700	(2)	698
Total recognized Income/expenses for the period	-	-	-	905	700	1,605	6	1,611
As at 30 September 2007	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(1,310)</u>	<u>18,024</u>	<u>31,449</u>	<u>358</u>	<u>31,807</u>
As at 1 January 2008	9,040	4,006	1,689	(3,612)	19,924	31,047	346	31,393
Placing of new shares	597	1,173	-	-	-	1,770	-	1,770
Net gains/(loss) recognised directly in equity								
Translation difference	-	-	-	1,516	-	1,516	19	1,535
Profit/(loss) for the period	-	-	-	-	364	364	(3)	361
Total recognized Income/expenses for the period	-	-	-	1,516	364	1,880	16	1,896
As at 30 September 2008	<u>9,637</u>	<u>5,179</u>	<u>1,689</u>	<u>(2,096)</u>	<u>20,288</u>	<u>34,697</u>	<u>362</u>	<u>35,059</u>

Notes:

1. Basis of Preparation

The Company and its subsidiaries (the “Group”) are principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

The unaudited condensed consolidated financial results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted for the preparation of these unaudited consolidated results of the Group are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31 December 2007.

2. Revenue

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

	(Unaudited) three months ended		(Unaudited) nine months ended	
	30 September		30 September	
	2008	2007	2008	2007
	S\$’000	S\$’000	S\$’000	S\$’000
Revenue – Turnover				
Sales of motor vehicles	4,798	6,573	15,189	18,739
Servicing of motor vehicles and sales of auto parts	4,491	3,461	12,197	10,104
Technical fee income	619	1,425	1,665	2,663
	<u>9,908</u>	<u>11,459</u>	<u>29,051</u>	<u>31,506</u>
Other income				
Rental income – Sublease	458	467	1,400	1,515
Interest income	29	112	153	122
Other income	5	65	106	198
	<u>492</u>	<u>644</u>	<u>1,659</u>	<u>1,835</u>

3. Income tax expenses

The charge comprises:

	(Unaudited) three months ended 30 September 2008		(Unaudited) nine months ended 30 September 2008	
	S\$'000	S\$'000	S\$'000	S\$'000
Current – Hong Kong				
Charge for the period	37	29	157	70
Current – Overseas				
((over)/under provision in prior period/current period provision)	<u>38</u>	<u>10</u>	<u>144</u>	<u>42</u>
Total income tax expenses	<u><u>75</u></u>	<u><u>39</u></u>	<u><u>301</u></u>	<u><u>112</u></u>

Hong Kong profit 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 (2007: Nil).

4. Earnings per share

The calculation of basic earnings per share for the three months ended 30 September 2008 was based on the unaudited consolidated profit attributable to equity holders of the Company of approximately S\$305,000 (2007: S\$652,000) and on the weighted average number of 400,843,066 (2007: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2008 and 2007.

The calculation of basic earnings per share for the nine months ended 30 September 2008 was based on the unaudited consolidated profit attributable to equity holders of the Company of approximately S\$364,000 (2007: S\$700,000) and on the weighted average number of 400,843,066 (2007: 400,000,000) ordinary shares in issue during the period.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2008 and 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 30 September 2008, a decline of sales was recorded. Turnover of the group recorded a decrease of 7.8%, while gross profit margin for the Group stays at 20.5%. Though the global economy is facing severe challenge and is slowing down, the automobile market in China still sustains a steady growth during the period. The Group concentrates its business in surviving the high profit yield and cost effectiveness area. The decrease in turnover was, however, a result of decrease in sales of the car distribution sector when the global economy sights the commencement of a slowdown. Servicing income recorded increase as a result of the implementation of profit margin oriented strategy, while car rental business shows a seasonal decrease.

1. *Sales of motor vehicles*

For the nine months ended 30 September 2008, the turnover generated from sales of motor vehicles was approximately S\$15,189,000, representing a decrease of approximately 18.9% as compared to the corresponding period in 2007. The decrease was mainly due to the uphold of sales during the Beijing Olympic period. The sales of motor vehicles comprise 52.3% of the total turnover.

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

For the nine months ended 30 September 2008, the turnover generated from servicing of motor vehicles and sales of auto parts increased by approximately 20.7% to approximately S\$12,197,000 as compared to the corresponding period in 2007.

3. *Technical fee income*

Technical fee income for the nine months ended 30 September 2008 was approximately S\$1,665,000, decreased by approximately 37.5% compared to the corresponding period in 2007 as a result of the decline in car sales when the market is expecting a more vigorous market control policy will be taken out after the Beijing Olympic in China.

4. *Car rental business*

The operation of car rental business in Hong Kong encountered a 7.6% decrease compared to the corresponding period last year, totaling an amount of approximately S\$1,400,000. The decrease is mainly due to the drop in demand when the Beijing Olympic was held in the period.

FINANCIAL REVIEW

Turnover

The unaudited consolidated turnover for the nine months ended 30 September 2008 decreased to approximately S\$29,051,000 from approximately S\$31,506,000 for the corresponding period in 2007. This represented a decrease of approximately 7.8%. The decrease was mainly contributed by the decrease in sales of motor vehicles.

Gross profit

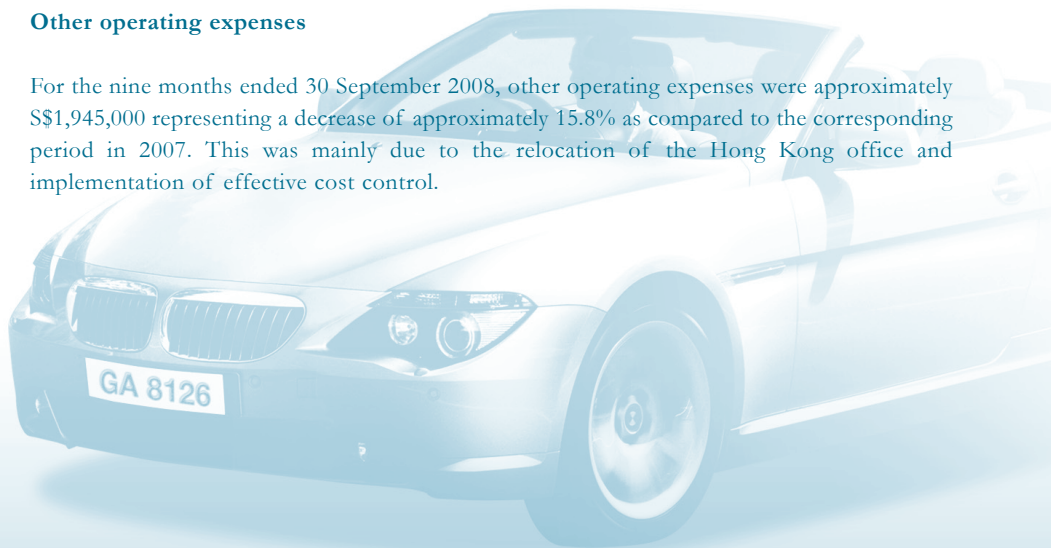
The gross profit for the nine months ended 30 September 2008 was approximately S\$5,941,000, a decrease of approximately 9.9% as compared to the corresponding period in 2007. The decrease in gross profit was due to decreased sales for motor vehicles. The gross profit margin was maintained at approximately 20.5% for the nine months ended 30 September 2008 (2007: 20.9%).

Exchange gain

For the nine months ended 30 September 2008, the exchange gain was approximately S\$56,000, a decrease of approximately 60.8% as compared to the corresponding period in 2007. The exchange gain was mainly realized gain resulted from the translation of accounts receivables, accounts payables and inter-company balances from Euro and US dollars to Singapore dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

Other operating expenses

For the nine months ended 30 September 2008, other operating expenses were approximately S\$1,945,000 representing a decrease of approximately 15.8% as compared to the corresponding period in 2007. This was mainly due to the relocation of the Hong Kong office and implementation of effective cost control.



Profit attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company for the nine months ended 30 September 2008 was approximately S\$364,000, representing a decrease of approximately 48% compared to the corresponding period in 2007.

Placing of 33 million new shares

On 4 September 2008, the Company and the six independent subscribers (“Subscribers”) entered into the subscription agreements in relation to the subscription of an aggregate of 33,000,000 subscription shares by the Subscribers at the subscription price of HK\$0.30 per subscription share.

The subscription shares represent about 8.25% of the issued share capital of the Company before enlarged by the subscription shares and about 7.62% of the Company’s issued share capital as enlarged by the subscription shares.

The gross proceeds of the subscription amounted to approximately HK\$9.90 million. After deducting relevant expenses, the net proceeds of about HK\$250,000 from the subscription, the net proceeds from the subscription amounted to HK\$9.65 million. The net proceeds from the subscription will be applied as general working capital of the Group and should the Board identified feasible acquisition(s) in the future, the net proceeds may also be used to finance such future acquisition(s).

Completion of the subscription of the 33,000,000 subscription shares has taken place on 24 September 2008.



DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: Nil).

PROSPECTS

After enjoying the demand boosts in the vehicles market in China in the first half year of 2008, the impact of the recent slump of the global economy will then be revealed in the coming year. While the China government is implementing various policies to stimulate the local demand and to support the finance market, the deluxe goods consumption will inevitably see a slowdown in future.

However, the falling in demand in deluxe vehicles is considered as short term since the economy of China is still growing steady, yet less aggressive as expected before, when compared to the other countries. Hence the automobile sales in China is expected to be cautiously optimistic.

By staying cautious with the trend of the market and the macro economy in China, as well as the China's government policies to fend off the global financial crisis, the group will continue to strive for greater breakthrough in diversification of business, so as to enhance the Group's competitiveness, strengthen its position in the industry and enlarge its market share.



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

As at 30 September 2008, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Name	Capacity	Number of ordinary shares held				Total	Approximate of percentage 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	23.13%
Loh Boon Cha	Deemed interest	-	54,865,480	45,284,000 (Note 2)	-	100,149,480	23.13%

Notes:

- The 100,149,480 shares are held as to 54,865,480 shares by Big Reap International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap International Limited and Loh & Loh Construction Group Ltd.
- The 100,149,480 shares are held as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which is interested as to 21% by Mr. Loh Boon Cha and as to 54,865,480 shares by Big Reap International Limited which is interested as to 100% by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Big Reap International Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 September 2008, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS

As at 30 September 2008, 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	81,068,000	18.72%
Chan Hing Ka Anthony	Interest of a controlled corporation (Note 3)	94,765,925	21.89%

Notes:

- Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Kim Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony, Mr. Loh Kim Her and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.
- The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.

3. The 94,765,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.

Save as disclosed above, as at 30 September 2008, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

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

COMPETING INTERESTS

During the nine months ended 30 September 2008, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the nine months ended 30 September 2008, the Company did not adopt any share option schemes, nor did it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

ADVANCES TO ENTITIES

Pursuant to the Rules 17.15 and 17.17, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the "Assets Ratio"). As at 30 September 2008, the Company's total assets were approximately S\$81,668,000.

	(Unaudited) As at 30 September 2008		% of Assets Ratio	(Unaudited) As at 31 July 2008		Increment as compared to Assets Ratio
	S\$'000	HK\$'000		S\$'000	HK\$'000	

NAGC Group:

Prepaid rental advances	6,750	37,293	8.3%	6,775	38,937	N/A
Advances to NAGC	3,439	19,000	4.2%	8,869	50,971	N/A
Guarantee to NAGC	3,965	21,906	4.9%	3,808	21,885	N/A
	<u>14,154</u>	<u>78,199</u>	17.3%	<u>19,452</u>	<u>111,793</u>	

	(Unaudited) As at 30 September 2008		% of Assets Ratio	(Unaudited) As at 31 July 2008		Increment as compared to Assets Ratio
	S\$'000	HK\$'000		S\$'000	HK\$'000	

Zhong Bao Group*:

Advances to Zhong Bao Group	24,892	137,525	30.5%	23,348	133,856	0.4%
Guarantees to Zhong Bao Group	26,082	144,099	31.9%	25,452	146,276	N/A
	<u>50,974</u>	<u>281,624</u>	62.4%	<u>48,800</u>	<u>280,132</u>	
	<u>65,128</u>	<u>359,823</u>	79.7%	<u>68,252</u>	<u>391,925</u>	

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

- 1) The details of transactions to NAGC which are of trading nature and remain outstanding as at 30 September 2008 are announced as follows:

Prepaid Rental Advances Due from Nagc

As at 30 September 2008, prepaid rental expenses amounted to approximately S\$6,750,000 (equivalent to approximately HK\$37,293,000) (as at 31 July 2008: S\$6,775,000; equivalent to approximately HK\$38,937,000) 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\$3,439,000 (equivalent to approximately HK\$19,000,000) (as at 31 July 2008: S\$8,869,000; equivalent to approximately HK\$50,971,000) were advanced to NAGC Group, representing 4.2% 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 2008.

Guarantees to NAGC

Guarantees in the amount of approximately S\$3,965,000 (equivalent to approximately HK\$21,906,000) (as at 31 July 2008: S\$3,808,000; equivalent to approximately HK\$21,885,000) 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 September 2008 are announced as follows:

Advances to Zhong Bao Group

As at 30 September 2008, advances of approximately S\$24,892,000 (equivalent to approximately HK\$137,525,000) (as at 31 July 2008: S\$23,348,000; equivalent to approximately HK\$133,856,000) were advanced to Zhong Bao Group, representing 30.5% 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 2008.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately S\$26,082,000 (equivalent to approximately HK\$144,099,000) (as at 31 July 2008: S\$25,452,000; equivalent to approximately HK\$142,276,000) 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 31.9% of the unaudited total assets of the Group as at 30 September 2008.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2008, 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 2007.

AUDIT COMMITTEE

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

These unaudited condensed consolidated financial results have been reviewed by the audit committee of the Company and were approved by the board of directors on 14 November 2008.



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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2008.

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 Boon Cha
Chairman

Hong Kong, 14 November 2008

