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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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 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.

This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

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 2008 together with the comparative figures for the year ended 31 December 2007, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 S$'000	2007 S$'000
Revenue	*4*	**34,821**	37,416
Other income	*6*	**5,590**	5,634
Cost of sales		**(30,064)**	(31,692)
Employee benefit expenses		**(2,588)**	(2,148)
Depreciation and amortization		**(1,519)**	(1,399)
Operating lease charges		**(346)**	(333)
Exchange differences, net		**1,483**	1,670
Other operating expenses		**(2,738)**	(2,553)
Profit from operating activities		**4,639**	6,595
Finance costs		**(2,676)**	(3,270)
Profit before income tax		**1,963**	3,325
Income tax expense	*7*	**(543)**	(729)
Profit for the year		**1,420**	2,596
Attributable to:			
Equity holders of the Company		**1,424**	2,600
Minority interests		**(4)**	(4)
Profit for the year		**1,420**	2,596
Earnings per share for profit attributable to the equity holders of the Company during the year	*8*	**Singapore cent**	Singapore cent
Basic		**0.35**	0.65
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	2008 S$'000	2007 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,003**	6,183
Leasehold lands		**876**	859
Prepaid rental expenses		**6,612**	6,758
Non-current receivables		**4**	3
		15,495	13,803
Current assets			
Inventories		**2,071**	2,057
Trade receivables	*9*	**12,576**	9,493
Prepayments, deposits and other current assets		**36,113**	50,486
Due from a director		**11**	4
Pledged deposits		**5,804**	7,103
Cash and cash equivalents		**7,917**	2,496
		64,492	71,639
Current liabilities			
Trade payables	*10*	**1,453**	1,116
Accruals and other payables		**11,843**	7,608
Pension and other employee obligations		**27**	12
Bills payables		**11,732**	17,723
Borrowings		**9,232**	19,435
Due to related companies		**50**	412
Due to directors		**2,517**	848
Tax payable		**5,919**	6,062
		42,773	53,216
Net current assets		**21,719**	18,423
Total assets less current liabilities		**37,214**	32,226
Non-current liabilities			
Borrowings		**511**	571
Deferred tax		**248**	262
		759	833
Net assets		**36,455**	31,393
EQUITY			
Equity attributable to Company's equity holders			
Share capital		**9,637**	9,040
Reserves		**26,432**	22,007
		36,069	31,047
Minority interests		**386**	346
Total equity		**36,455**	31,393

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Equity attributable to equity holders of the Company							
	Issued capital	Share premium*	Capital reserve*	Translation reserve*	Retained profits*	Total	Minority Interests	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 January 2007	9,040	4,006	1,689	(2,215)	17,324	29,844	352	30,196
Translation difference	–	–	–	(1,397)	–	(1,397)	(2)	(1,399)
Net expenses recognised directly in equity	–	–	–	(1,397)	–	(1,397)	(2)	(1,399)
Profit for the year	–	–	–	–	2,600	2,600	(4)	2,596
Total recognised income and expenses for the year	–	–	–	(1,397)	2,600	1,203	(6)	1,197
At 31 December 2007	9,040	4,006	1,689	(3,612)	19,924	31,047	346	31,393
Translation difference	–	–	–	1,828	–	1,828	44	1,872
Net income recognised directly in equity	–	–	–	1,828	–	1,828	44	1,872
Profit for the year	–	–	–	–	1,424	1,424	(4)	1,420
Total recognised income for the year	–	–	–	1,828	1,424	3,252	40	3,292
Proceeds from shares issued	597	1,195	–	–	–	1,792	–	1,792
Share issue expenses	–	(22)	–	–	–	(22)	–	(22)
At 31 December 2008	**9,637**	**5,179**	**1,689**	**(1,784)**	**21,348**	**36,069**	**386**	**36,455**

* *These reserves accounts comprise the consolidated reserves of S$26,432,000 (2007: S$22,007,000) in the consolidated balance sheet.*

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, No.8 Hysan Avenue, Causeway Bay, Hong Kong. The Company's shares are listed on the Growth Enterprise Market 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.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") which collective terms includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

The financial statements for the year ended 31 December 2008 were approved by the Board of Directors on 27 March 2009.

2. ADOPTION OF NEW OR REVISED HKFRS

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs ") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008:

HKAS 39 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation 11	HKFRS 2 Group and Treasury Share Transactions

The new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedge Items[2]
HKAS 1 & HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination – comprehensive Revision on Applying the Acquisition Method[2]
HKFRS 7 (Amendment)	Financial Instrucments: Disclosures – Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Interpretation 9 & HKAS 39 (Amendment)	Reassessment of Embedded Derivatives[6]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) – Interpretation 18	Transfer of Assets from Customers[5]
Various HKAS	Annual Improvements to HKFRS 2008[6]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for transfers of assets from customers received on or after 1 July 2009
6 Effective for annual periods ending on or after 30 June 2009
7 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1(Revised) *Presentation of Financial Statements* is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors of the Company are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors of the Company are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

4. REVENUE – GROUP

The Group is principally engaged in (i) sales of motor vehicles and provision of car-related technical services, (ii) 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:

	2008	2007
	S$'000	*S$'000*
Sales of motor vehicles	**18,389**	23,248
Technical fee income	**2,552**	3,829
Servicing of motor vehicles and sales of auto parts	**13,880**	10,339
	34,821	37,416

5. SEGMENT INFORMATION – GROUP

Primary reporting format – business segment

The Group is organised into three business segments, namely:

Activity 1	:	Sales of motor vehicles and provision of car-related technical services;
Activity 2	:	Servicing of motor vehicles and sales of auto parts; and
Activity 3	:	Commission income from sales of cars from German Automobiles Pte Ltd. ("GAPL") to German Automobiles Limited ("GAL") (i.e. intra-Group)

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Primarily reporting format – business segment

Business segment analysis as at and for the year ended 31 December 2008 is as follows:

	Activity 1 *S$'000*	Activity 2 *S$'000*	Activity 3 *S$'000*	Inter-segment elimination *S$'000*	Group *S$'000*
Revenue					
External sales	20,941	13,880	–	–	34,821
Inter-segment sales	–	–	737	(737)	–
	20,941	13,880	737	(737)	34,821
Segment results	2,834	1,778	244	–	4,856
Unallocated income					345
Unallocated expenses					(562)
Profit from operating activities					**4,639**
Finance costs					(2,676)
Profit before income tax					**1,963**
Income tax expense					(543)
Profit for the year					**1,420**
Segment assets	23,587	38,974	–	–	62,561
Unallocated assets					17,426
Total assets					**79,987**
Segment liabilities	13,571	5,113	–	–	18,684
Unallocated liabilities					24,848
Total liabilities					**43,532**
Capital expenditure	–	1,832	–	–	1,832
Unallocated portion					787
					2,619
Depreciation	29	437	–	–	466
Unallocated portion					889
					1,355
Annual charges of prepaid operating lease payment	11	–	–	–	11
Amortisation of prepaid rental expenses	153	–	–	–	153
Impairment of inventories	172	–	–	–	172

Business segment analysis as at and for the year ended 31 December 2007 is as follows:

	Activity 1 *S$'000*	Activity 2 *S$'000*	Activity 3 *S$'000*	Inter-segment elimination *S$'000*	Group *S$'000*
Revenue					
External sales	27,077	10,339	–	–	37,416
Inter-segment sales	–	–	931	(931)	–
	27,077	10,339	931	(931)	37,416
Segment results	4,132	2,185	356	–	6,673
Unallocated income					181
Unallocated expenses					(259)
Profit from operating activities					**6,595**
Finance costs					(3,270)
Profit before income tax					**3,325**
Income tax expense					(729)
Profit for the year					**2,596**
Segment assets	24,798	47,310	–	–	72,108
Unallocated assets					13,334
Total assets					**85,442**
Segment liabilities	19,030	2,379	–	–	21,409
Unallocated liabilities					32,640
Total liabilities					**54,049**
Capital expenditure	–	663	–	–	663
Unallocated portion					925
					1,588
Depreciation	30	350	–	–	380
Unallocated portion					855
					1,235
Annual charges of prepaid operating lease payment	11	–	–	–	11
Amortisation of prepaid rental expenses	153	–	–	–	153
Impairment of inventories	–	171	–	–	171

Secondary reporting format – geographical segment

The Group's operations are located in three main geographical areas, namely the People's Republic of China except Hong Kong (the "PRC"), Hong Kong and Singapore. The Group's revenue from external customers was substantially generated from the PRC.

The following is an analysis of the carrying amount of segment assets and capital expenditure (additions to property, plant and equipment) by geographical area in which the assets are located:

	Segment assets		**Capital expenditure**	
	2008	2007	**2008**	2007
	S$'000	*S$'000*	***S$'000***	*S$'000*
The PRC	**62,427**	71,952	**1,832**	663
Singapore	**134**	156	**–**	–
Unallocated assets	**17,426**	13,334	**787**	925
	79,987	85,442	**2,619**	1,588

6. OTHER INCOME – GROUP

	2008	2007
	S$'000	*S$'000*
Rental income – sublease	**1,906**	1,988
Interest income on financial assets stated at amortised cost	**241**	181
Other income	**3,443**	3,465
	5,590	5,634

7. INCOME TAX EXPENSE – GROUP

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates 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 unification of the income tax rates for domestic invested and foreign-invested enterprises at 25%.

	2008	2007
	S$'000	*S$'000*
Current – Hong Kong		
Charge for the year	**225**	293
Under-provision in prior years	**–**	26
Current – Overseas		
Charge for the year	**299**	339
Under-provision in prior years	**33**	–
Deferred tax	**(14)**	71
Total income tax expense	**543**	729

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

	2008 *S$'000*	2007 *S$'000*
Profit before income tax	**1,963**	3,325
Tax on profits before income tax expenses, calculated at the rates applicable to profits in the tax jurisdiction concerned	**404**	580
Non-deductible expenses	**271**	148
Tax exempt revenue	**(165)**	(25)
Under-provision in prior years	**33**	26
Income tax expenses	**543**	729

The Hong Kong SAR Government enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant current and deferred tax liabilities have been calculated using the new rate of 16.5%.

8. EARNINGS PER SHARE – GROUP

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company for the year of S$1,424,000 (2007: S$2,600,000) and on the weighted average number of 408,926,230 (2007: 400,000,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2008 and 2007 was not presented as there was no dilutive potential ordinary share for the year ended 31 December 2008 and 2007.

9. TRADE RECEIVABLES – GROUP

At 31 December 2008, the ageing analysis of trade receivables was as follows:

	2008 *S$'000*	2007 *S$'000*
0 – 90 days	**4,585**	4,852
91 – 180 days	**4,152**	2,079
181 – 365 days	**1,217**	1,509
Over 1 year	**3,213**	1,635
	13,167	10,075
Less: allowance for impairment of receivables	**(591)**	(582)
	12,576	9,493

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

	2008	2007
	S$'000	*S$'000*
At 1 January	**582**	582
Exchanges differences	**9**	–
At 31 December	**591**	582

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At each balance sheet date, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of the customers.

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:

		2008	2007
		S$'000	*S$'000*
Neither past due nor impaired		**9,137**	8,328
1 – 90 days past due		**917**	196
91 – 180 days past due	*(a)*	**574**	158
Over 180 days past due	*(b)*	**1,948**	811
		3,439	1,165
		12,576	9,493

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(a) *The directors of the Group 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 director is of the opinion that the amount over 180 days past due was not impaired due to full settlement after balance sheet date.*

9. TRADE PAYABLES – GROUP

The ageing analysis of trade payables is as follows:

	2008	2007
	S$'000	*S$'000*
0 – 30 days	**842**	703
31 – 180 days	**117**	30
181 – 365 days	**119**	–
1 to 2 years	**2**	217
Over 2 years	**373**	166
	1,453	1,116

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

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the turnover of the Group experienced the benefit from the bloom of economy due to Beijing Olympic Game 2008 in the first nine months as well as a drastic downturn of global financial crisis in the fourth quarter of 2008.

In previous years, there used to be a traditional trend of increase in order of new cars in the fourth quarter of the year. However, the worldwide financial crisis hindered this behaviour and thus the profit of the year decreased from S$2,596,000 to S$1,420,000.

The gross profit margin suffered a slight decrease from 15.3% in 2007 to 13.7% in 2008. The servicing and sales of auto parts sector recorded a growth of 34.2%. This is resulted from our effort in strengthening the relationship with our long established customers with high quality after sales services. This proved the corporate strategy is staying at luxury car section as correct where the demand of expertise servicing is irreplaceable.

SALES OF MOTOR VEHICLES

During the year, the turnover of this segment took up approximately 52.8% of the total Group turnover of the year. As for comparison to the corresponding period last year, there recorded a decrease of approximately 9.3% on the composition of turnover. The decrease was mainly due to the reduction in sales of motor vehicles during the year.

SERVICING OF MOTOR VEHICLES AND SALES OF AUTO PARTS

Turnover generated from the servicing of motor vehicles and sales of auto parts for the year 2008 increased by 34.2%. Servicing income increased to approximately S$13,880,000, contributing 39.9% of the Group's turnover, representing an increment of 12.3%.

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 2008 was approximately S$2,552,000, taking up approximately 7.3% in terms of the Group's turnover composition, as compared to the 10.2% in 2007. The decrease was due to the corresponding drop in car sales during the year.

CAR RENTAL BUSINESS

The Hong Kong and the Kowloon stations of the Hertz division have been developing their client base in these major financial districts. The growth in car rental was steady in the early quarters of 2008 before the outbreak of the global financial crisis. Due to the standstill of economy in Macau, the operation has not yet commenced as at year end.

FINANCIAL REVIEW

Financial resources and liquidity

As at 31 December 2008, shareholders' fund of the Group amounted to approximately S$36,455,000 (2007: S$31,393,000). Current assets amounted to approximately S$64,492,000 (2007: S$71,639,000). Of which approximately S$13,721,000 (2007: S$9,599,000) were cash and bank deposits. Current liabilities amounted to approximately S$42,773,000 (2007: S$53,216,000) 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 S$759,000 (2007: S$833,000). The net asset value per share as at 31 December 2008 was S$0.084 (2007: S$0.078).

Capital Structure of the Group

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 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 was 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 took place on 24 September 2008.

During the year ended 31 December 2008, the Group had no debt securities in issue (2007: Nil).

Bank borrowings are denominated in either HKD or SGD.

Significant Investment

As at 31 December 2008, the Group had no significant investment held (2007:Nil).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2008, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies (2007:Nil).

Employees

As at 31 December 2008, the total number of employee of the Group was approximately 150. For the year ended 31 December 2008, the staff costs including directors' remuneration of the Group amounted to approximately S$2,588,000 (2007:2,148,000), around 7.4% of the turnover of the Group and an increase of approximately 20.5% as compared to that of the year ended 31 December 2007. 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 2008, the Group pledged time deposits of approximately S$5,804,000 (2007: S$7,103,000) and charged plant and machinery of approximately S$1,628,000 (2007: S$1,188,000) and motor vehicles of approximately S$37,000 (2007: S$50,000) 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 S$613,000 (2007: S$625,000) and S$144,000 (2007: S$146,000) respectively are pledged to bank to secure banking facilities up to approximately S$1,326,000 (2007: S$1,176,000) granted to Zhong Bao Group at the balance sheet date..

Material Investments or Capital Assets

As at 31 December 2008, the Group had no future plans for material investment.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of bills payable, bank borrowings and long-term debts over total assets. As at 31 December 2008, the Group had a gearing ratio of 0.27 (2007: 0.44).

Foreign Exchange Exposure

During the year ended 31 December 2008, the Group had an exchange gain of approximately S$1,483,000 (2007: S$1,670,000), mainly due to the continuous appreciation of RMB against other currencies, as the Group's main operation was conducted in RMB.

Contingent Liabilities

As at 31 December 2008, the Group provided a bank guarantee of approximately S$4,222,000 (2007: S$4,052,000) to a bank in respect of banking facilities to a related company of NAGC. As at 31 December 2008, the Group provided bank guarantee amounted to S$26,741,000 in respect of banking facilities to Zhong Bao Group (2007: S$24,696,000).

BUSINESS PROSPECT

While the impact of the global financial crisis continues to bombard every country, the China's economic growth will not be optimistic in the coming year. However, the economy growth of China is still expected to be relatively stronger than other countries .To prevent a sudden drop in economy growth, marco-control policy and measures are being implemented in mainland China to stimulus and maintain internal economic activities. However, corporations with unsound financial control and support may not survive from this financial tsunami and will be eliminated ultimately.

Although expenditure in luxury cars may slow down for a while, the demand will not be paralyzed. Luxury car is part of the lifestyle that customers became accustomed in previous better time. We expect the automotive trade as well as the servicing sectors would be benefited by the fiscal policies introduced by the government in the coming quarters. Thus the Group will be benefited from its unmatched customer service and market position.

By staying cautious with the trend of the market and strengthening the internal controls of financial resources, the Group will continue to strive for greater breakthrough in its business so as to enhance its competitiveness, sustainability, as well as its position in the industry and market shares.

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 applied in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") with these objectives in mind.

Under the code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. The existing articles of association of the Company provide that no Directors holding office as chairman and/or managing director shall be subject to retirement by rotation. Accordingly, as at the date of this announcement, Mr. Loh Boon Cha and Mr. Loh Nee Peng, being the Chairman and Managing Director of the Company respectively, are not subject to retirement by rotation. In order to comply with the code provision A.4.2, Mr. Yin Bin and Mr. Zhang Lei will retire at the forthcoming annual general meeting of the Company, and being eligible, will offer themselves for re-election.

(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. Having made specific enquiry of the directors of the Company, all directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company's audit committee was formed on 5th June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Zhang Lei and Mr. Yin Bin (the "Audit Committee"). The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and the internal control procedures of the Group.

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 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.

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 year ended 31 December 2008.

On behalf of the Board
Loh Nee Peng
Managing Director

Hong Kong, 27 March 2009

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