

G.A. Holdings Limited (incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong under the trading name of German Automobiles International Limited)

G.A. 控股有限公司



2007 interim report



(Stock Code: 8126)

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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.

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of G.A. Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2007 (the “Interim Period”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2007

		(Unaudited)		(Unaudited)	
		three months ended		six months ended	
		30 June		30 June	
		2007	2006	2007	2006
	<i>Notes</i>	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2	10,359	10,526	20,047	34,122
Other income	2	537	425	1,181	1,066
		10,896	10,951	21,228	35,188
Cost of sales		(8,485)	(8,084)	(16,130)	(27,566)
Employee benefits expenses		(537)	(535)	(972)	(1,125)
Depreciation and amortisation		(361)	(322)	(716)	(667)
Operating lease charges		(80)	(102)	(162)	(170)
Exchange differences, net		(109)	178	(80)	340
Other operating expenses		(901)	(484)	(1,422)	(1,394)
Profit from operating activities		423	1,602	1,746	4,606
Finance costs, net		(915)	(936)	(1,627)	(1,904)
(Loss)/Profit before income tax	3	(492)	666	119	2,702
Income tax expense	4	(43)	(83)	(73)	(451)
(Loss)/Profit for the period		(535)	583	46	2,251
Attributed to:					
Equity holders of the Company		(534)	588	48	2,260
Minority interests		(1)	(5)	(2)	(9)
(Loss)/Profit for the period		(535)	583	46	2,251
Earnings per share for (loss)/ profit attributable to the equity holders of the Company during the period					
Basic (Singapore cent)	5	(0.13)	0.15	0.01	0.57
Diluted (Singapore cent)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 June 2007*

		(Unaudited)	(Audited)
		As at	As at
	<i>Notes</i>	30 June 2007	31 Dec 2006
		S\$'000	S\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,546	6,215
Leasehold land		873	870
Prepaid rental expenses		6,875	6,911
Non-current receivables		3	97
		<hr/>	<hr/>
		14,297	14,093
Current assets			
Inventories		2,138	3,547
Trade receivables	8	13,172	15,150
Prepayment, deposits and other current assets	10	45,812	45,134
Due from directors		4	4
Pledged deposits		4,662	4,032
Bank balances and cash		2,154	1,637
		<hr/>	<hr/>
		67,942	69,504
Current liabilities			
Trade payables	9	916	4,771
Accruals, deposit received and other payables		9,775	8,650
Pension and other employee obligations		13	16
Bills payable		18,467	17,517
Borrowings		10,344	10,556
Due to related companies		412	422
Due to directors		514	681
Tax payable		5,982	6,207
		<hr/>	<hr/>
		46,423	48,820
Net current assets		21,519	20,684
Total assets less current liabilities		35,816	34,777

	(Unaudited)	(Audited)
	As at	As at
	30 June 2007	31 Dec 2006
<i>Notes</i>	S\$'000	S\$'000
Non-current liabilities		
Borrowings	4,533	4,390
Deferred tax	188	191
	4,721	4,581
NET ASSETS	<u>31,095</u>	<u>30,196</u>
EQUITY		
Equity attributable to Company's equity holders		
Share capital	9,040	9,040
Reserves	21,700	20,804
	30,740	29,844
Minority interests	355	352
Total equity	<u>31,095</u>	<u>30,196</u>



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2006 and 2007

	Equity attributable to equity holders of the Company						Minority Interest	Total
	Issued capital	Share premium*	Capital reserve*	Translation reserve*	Retained profits*	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2006	9,040	4,006	1,689	301	14,292	29,328	421	29,749
Net gains not recognised in income statement								
Translation difference	-	-	-	(1,825)	-	(1,825)	(26)	(1,851)
Profit/(loss) for the period	-	-	-	-	2,260	2,260	(9)	2,251
As at 30 June 2006	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(1,524)</u>	<u>16,552</u>	<u>29,763</u>	<u>386</u>	<u>30,149</u>
As at 1 January 2007	9,040	4,006	1,689	(2,215)	17,324	29,844	352	30,196
Net gains not recognised in income statement								
Translation difference	-	-	-	848	-	848	5	853
Profit/(loss) for the period	-	-	-	-	48	48	(2)	46
As at 30 June 2007	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(1,367)</u>	<u>17,372</u>	<u>30,740</u>	<u>355</u>	<u>31,095</u>

* These reserves accounts comprise the consolidated reserves of S\$21,700,000 (as at 31 December 2006: S\$20,804,000) in the consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2007*

	(Unaudited) six months ended 30 June 2007 S\$'000	(Unaudited) six months ended 30 June 2006 S\$'000
Net cash generated from/(used in) operating activities	1,288	(23,625)
Net cash (used in)/generated from investing activities	(835)	267
Net cash (used in)/ generated from financing activities	(902)	7,231
Net increase/(decrease) in cash and cash equivalents	(449)	(16,127)
Translation adjustment	764	–
Cash and cash equivalents, at beginning of period	1,634	22,633
Cash and cash equivalents, at end of period	1,949	6,506
Analysis of balances of cash and cash equivalents		
Bank balances and cash	2,154	1,129
Pledged bank deposits	–	5,424
Bank overdrafts	(205)	(47)
	1,949	6,506

Notes:

1. Basis of Preparation

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

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

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted by the Group in the preparation of annual audited financial statements for the year ended 31 December 2006.

These unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and were approved by the board of directors on 14 August 2007.

2. Revenue

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

	(Unaudited) three months ended		(Unaudited) six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	S\$’000	S\$’000	S\$’000	S\$’000
Revenue – Turnover				
Sales of motor vehicles	6,387	7,661	12,166	27,245
Servicing of motor vehicles and sales of auto parts	3,539	2,666	6,643	5,515
Technical fee income	433	199	1,238	1,362
	10,359	10,526	20,047	34,122
Other income				
Rental income – Sublease	447	382	1,048	947
Other income	90	43	133	119
	537	425	1,181	1,066

Segment Information

Primary reporting format – business segment

The Group is organised with four 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;
- Activity 3: Provision of management services in respect of car rental business; and
- Activity 4: Commission income from sales of cars from German Automobiles Pte Ltd. (“GAPL”) to German Automobiles Limited (“GAL”) (i.e. intra-group)

Business segment analysis as at and for the six months ended 30 June 2007 is as follows:

	Activity 1	Activity 2	Activity 3	Activity 4	Inter-segment elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
External sales	13,404	6,643	–	–	–	20,047
Inter-segment sales	–	–	–	464	(464)	–
	<u>13,404</u>	<u>6,643</u>	<u>–</u>	<u>464</u>	<u>(464)</u>	<u>20,047</u>
Segment results	<u>301</u>	<u>1,236</u>	<u>(7)</u>	<u>329</u>	<u>–</u>	<u>1,859</u>
Unallocated expenses						<u>(113)</u>
Profit from operating activities						<u>1,746</u>
Finance costs, net						<u>(1,627)</u>
Profit before income tax expenses						<u>119</u>
Income tax expense						<u>(73)</u>
Profit for the six months ended 30 June 2007						<u><u>46</u></u>

Business segment analysis as at and for the six months ended 30 June 2006 is as follows:

	Activity 1	Activity 2	Activity 3	Activity 4	Inter-segment elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
External sales	28,607	5,515	–	–	–	34,122
Inter-segment sales	–	–	–	1,020	(1,020)	–
	<u>28,607</u>	<u>5,515</u>	<u>–</u>	<u>1,020</u>	<u>(1,020)</u>	<u>34,122</u>
Segment results	<u>3,100</u>	<u>689</u>	<u>(31)</u>	<u>972</u>	<u>–</u>	<u>4,730</u>
Unallocated expenses						<u>(124)</u>
Profit from operating activities						<u>4,606</u>
Finance costs, net						<u>(1,904)</u>
Profit before income tax expenses						<u>2,701</u>
Income tax expense						<u>(451)</u>
Profit for the six months ended 30 June 2006						<u>2,251</u>

Secondary reporting format – geographical segment

The Group's operations are located in People's Republic of China (the "PRC") except Hong Kong. The following table provides an analysis of the Group's revenue from external customers by location of customers:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
PRC	<u>10,359</u>	<u>10,526</u>	<u>20,047</u>	<u>34,122</u>
	<u>10,359</u>	<u>10,526</u>	<u>20,047</u>	<u>34,122</u>

3. Profit before income tax

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2007	2006	2007	2006
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Finance costs, net				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	898	909	1,595	1,851
Finance charges on obligations under finances leases	21	27	42	55
	<u>919</u>	<u>936</u>	<u>1,637</u>	<u>1,906</u>
Interest income	(5)	–	(10)	(2)
	<u><u>915</u></u>	<u><u>936</u></u>	<u><u>1,627</u></u>	<u><u>1,904</u></u>
(b) Employee benefits expenses				
Contributions to defined contribution plans	20	14	40	55
Salaries, wages and other benefits	517	521	932	1,070
	<u><u>537</u></u>	<u><u>535</u></u>	<u><u>972</u></u>	<u><u>1,125</u></u>
(c) Other items				
Depreciation of leased assets	97	202	400	390
Other assets	202	83	316	201
(Gain)/Loss on disposal of fixed assets	(47)	(25)	54	(33)
Amortisation of prepaid rental expenses	38	38	76	76
	<u><u>38</u></u>	<u><u>38</u></u>	<u><u>76</u></u>	<u><u>76</u></u>

4. Income tax expense

The charge comprises:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Current – Hong Kong Charge for the period	18	23	41	147
Current – Overseas (over)/under provision in prior period/current period provision	25	60	32	304
Total income tax expenses	<u>43</u>	<u>83</u>	<u>73</u>	<u>451</u>

Hong Kong profit tax has been provided at the rate of 17.5% 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 (2006: Nil).

5. Earnings per share

The calculation of basic earnings per share was based on the unaudited consolidated loss attributable to equity holders of the Company for the three months ended 30 June 2007 of approximately S\$534,000 (2006: S\$588,000) and on 400,000,000 (2006: 400,000,000) ordinary shares in issue during the three months ended 30 June 2007.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2007 and 2006 respectively.

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 June 2007 of approximately S\$48,000 (2006: S\$2,260,000) and on 400,000,000 (2006: 400,000,000) ordinary shares in issue during the six months ended 30 June 2007.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2007 and 2006 respectively.

6. Related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material related party transactions:

- (i) on 11 June 1999, a tenancy agreement was entered into between Atland Properties Pte Ltd., a company all shares of which are beneficially held by Ms. Chan Xiao Li, sister of Mr. Anthony Chan, as the lessor and GAPL as the lessees in respect of premises in Singapore, for a term of 36 months commencing on 25 September 1998. Such tenancy agreement was renewed on 6 September 2001 for a term of 12 months from 25 September 2001 to 24 September 2002. The agreement was further renewed on 27 January 2003 for a term of 24 months commencing on 25 September 2002. After expiration, the agreement was further renewed on 22 September 2004 for a term of 24 months commencing on 25 September 2004. The agreement has been early terminated on 24 September 2006. No rental expense was incurred during the Interim Period (2006: S\$30,000).
- (ii) on 11 June 1999, a tenancy agreement was entered into between GAPL as the lessor and Octavus Properties Pte Ltd., a company all shares of which are beneficially held by Mr. Anthony Chan, as the lessee in respect of premises of approximately 353 sq. ft. in Singapore, for a term of 36 months commencing on 25 September 1998. Such tenancy agreement was renewed on 10 September 2001 for a term of 12 months upon its expiration. The agreement was further renewed on 28 January 2003 for a term of 24 months commencing on 25 September 2002. After expiration, the agreement was further renewed on 23 September 2004 for a term of 24 months commencing on 25 September 2004. The agreement has been early terminated in September 2006. No rental income was received during the Interim Period (2006: S\$5,000).
- (iii) On 4 October 1999, a tenancy agreement was entered into between Xiamen L&B Property Co., Ltd., a company which is beneficially held as to 5% by Mr. KH Loh and 95% by his family members, as the lessor and GAPL as the lessees in respect of premises of 710 sq. metres in Xiamen, for a term of 21 years commencing on 1 November 1999. The agreement has been early terminated on 31 July 2005. No rental expense was incurred during the Interim Period (2006: S\$9,000).

In the opinion of the directors of the Company, all of the above transactions were entered into in the ordinary course of the Group's business.

7. Non-current receivables

	(Unaudited) As at 30 June 2007 S\$'000	(Audited) As at 31 Dec 2006 S\$'000
Advances to NAGC Group*	707	8,331
Advances to Zhong Bao Group**	<u>18,368</u>	<u>33,404</u>
	19,075	41,735
Portion classified as current asset (note 10)	<u>(19,072)</u>	<u>(41,638)</u>
Non-current portion	<u><u>3</u></u>	<u><u>97</u></u>

* North Anhua Group Corporation ("NAGC") and certain of its subsidiaries and related companies ("NAGC Group")

** Xiamen Zhong Bao Automobiles Co., Limited ("Xiamen Zhong Bao") and certain of its subsidiaries and related companies ("Zhong Bao Group")

8. Trade receivables

The credit periods of the Group usually range from 2 to 5 months. The aging analysis of trade receivables is as follows:

	(Unaudited) As at 30 June 2007 S\$'000	(Audited) As at 31 Dec 2006 S\$'000
0 - 90 days	6,541	8,936
91 - 180 days	1,493	3,161
181 - 365 days	4,636	2,659
Over 1 year	<u>1,068</u>	<u>976</u>
	13,738	15,732
Less: Impairment of receivables	<u>(566)</u>	<u>(582)</u>
	<u><u>13,172</u></u>	<u><u>15,150</u></u>

9. Trade payables

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2007 S\$'000	(Audited) As at 31 Dec 2006 S\$'000
0 - 30 days	242	696
31 - 180 days	237	71
181 - 365 days	–	2,215
1 to 2 years	189	1,463
Over 2 years	248	326
	<u>916</u>	<u>4,771</u>

10. Prepayments, deposits and other current assets

	(Unaudited) As at 30 June 2007 S\$'000	(Audited) As at 31 Dec 2006 S\$'000
Current portion of non-current receivables (note 7)	19,072	41,638
Current portion of prepaid rental expenses	153	153
Other prepayments, deposits and other current assets	<u>46,564</u>	<u>3,343</u>
	<u>65,789</u>	<u>45,134</u>



11. Commitments

a. Operating lease commitments

As lessee:

As at 30 June 2007, the Group had total future minimum lease payment under non-cancellable operating leases, which are payable as follows:

	(Unaudited) As at 30 June 2007 S\$'000	(Audited) As at 31 Dec 2006 S\$'000
Within 1 year	312	306
After 1 year but within 5 years	230	140
	<u>542</u>	<u>446</u>

b. Contingent liabilities

As at 30 June 2007, contingent liabilities of the Group not provided for are analysed as follows:

	As at 30 June 2007 S\$'000	As at 31 Dec 2006 S\$'000
(a) Guarantees provided to Banks in respect of banking facilities granted to the following parties to the extent of:		
(i) NAGC Group	4,281	4,304
(ii) Xiamen Zhong Bao	24,000	23,640
	<u>28,281</u>	<u>27,944</u>

Notes:

- (1) In addition, the Group's fixed deposits of approximately S\$1,683,000 (2006: S\$1,659,000) are pledged to secure these banking facilities at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Interim Period, the turnover of the group declined owing to the deliberate change of business strategy to higher profit margin business sectors. Car sales was hindered by government fiscal policies, causing friction and pressure on both the supply side and the demand side. The shrink of sales has outpaced steady growth rate of the car servicing and rental sector, causing the overall revenue to decrease. However, we do believe such effect will be eliminated in the long run when productivity is optimized.

1. Sales of motor vehicles

Turnover generated from the sales of motor vehicles for the Interim Period was approximately S\$12,166,000, representing a decrease of approximately 55.3% as compared to the corresponding period in 2006. The decrease was mainly due to the reduction in sales of motor vehicles owing to the change of business strategy of the Group. The sales of motor vehicles comprise 60.7% of the total turnover. As for comparison to the corresponding period last year, there recorded a decrease of approximately 19.1% on the composition of turnover in year 2006.

2. Servicing of motor vehicles and sales of auto parts

The Fuzhou subsidiary has commenced its car repair and servicing business which enhanced extension of geographical coverage of service points of the Group. The increase in servicing capacity leads to a significant increase in profit with its high profit margin nature.

Turnover generated from servicing of motor vehicles and sales of auto parts for the Interim Period increased by approximately 20.5% to approximately S\$6,643,000.

3. Technical fee income

Technical fee income for the Interim Period was approximately S\$1,238,000, decreased by approximately 9.1% as compared to the corresponding period in 2006 as number of cars sold decreased.

4. Car rental business

The operation of car rental business in Hong Kong has been expanded steadily. In addition to the establishing of extra service locations, the Group acquired more cars and employed more staff to provide services of higher quality to the car rental customers. Increased fleet size and diversified marketing strategies sparks an extensive approach to reach out different targeted customer segments thereby increases sales. Turnover generated from car rental business increased substantially by 10.7% to approximately S\$1,048,000 compared to the corresponding period last year.

PROSPECTS

Fiscal policies continue to curtail sales and restrain the overheated investment in the automobile industry in China. Recently another regulative measure is announced by authorities in Beijing, stating that makers of special purpose vehicle will not be permitted to produce vehicles of different categories any more before December 31, 2008, and no application will be accepted by the National Development and Reform Commission (NDRC), except for those meeting the related regulations. Apparently, with every step that the government takes on to regulate the supply-side factor of the automotive industry, the problem of overcapacity is drawn attention to. In the short run, we believe such austerity measures will continue to bail out incompetent market participants, and therefore our group has deliberately shifted its business focus on to higher margin sectors, and will continue this strategy.

Heading towards the second half of the year, we expect the automotive trade sector would be continuously affected by fiscal policies introduced by the government. Where as the outlook and growth for our car rental and servicing sectors remain positive.

Looking forward, 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. The Group will continue to grasp development opportunities in mergers and acquisitions for maximizing returns to the shareholders.

FINANCIAL REVIEW

Turnover

Turnover for the Interim Period dropped by approximately 41.2% to approximately S\$20,047,000 as compared to the corresponding period in 2006. The decrease was mainly attributed by the decrease of sales of higher-priced motor vehicles under the effect of the increment of high consumption tax policy of big emission vehicles in the PRC. For the Interim Period, the sales of motor vehicles decreased as a result of the change of business strategy, while the turnover generated from servicing of motor vehicles and sales of auto parts recorded increases. Income generated from the car rental sector as well recorded satisfactory increases.

Gross Profit

The gross profit for the Interim Period was approximately S\$3,917,000, down 40.3% as compared to the corresponding period in 2006. The decrease in gross profit was due to decreased revenue received from the automotive trading sector, as the shift of business strategy caused a substantial shrink in the respective auto trade sector which outpaced the steady growth of car servicing and rental businesses. The gross profit margin for the Interim Period was approximately 19.5%, up 0.3% of the corresponding period in 2006. The increase in gross profit margin resulted from increase in contribution from car rental income and servicing income on the total group turnover.

Exchange loss

For the Interim Period, the exchange loss of the Group amounted to approximately S\$80,000, whereas exchange gain amounted to approximately S\$340,000 was recorded for the corresponding period in 2006. The exchange loss was mainly 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 Interim Period, other operating expenses were approximately S\$1,421,000 representing an increase of approximately 1.9% as compared to the corresponding period in 2006. The increase was mainly due to the increase in operating cost of the car rental business in Hong Kong. It is believed that the increase on operating expenses have proven the achievement of economies of scales within the car rental sector of the Group, as there recorded a more than proportionate increase of revenue generated by the car rental sector. The car rental business expanded steadily both in terms of the size car fleet and service counters.

Profit Attributable to Equity Holders of The Company

The profit attributed to equity holders of the Company for the Interim Period amounted to approximately S\$48,000 representing a decrease of approximately 97.8% compared to the corresponding period in 2006.

Financial Resources and Liquidity

As at 30 June 2007, shareholders' fund of the Group amounted to approximately S\$31,095,000 (31 December 2006: S\$30,196,000). Current assets amounted to approximately S\$67,942,000 (31 December 2006: S\$69,504,000). Of which, approximately S\$6,816,000 (31 December 2006: S\$5,669,000) were cash and bank deposits. Current liabilities, amounted to approximately S\$46,423,000 (31 December 2006: S\$48,820,000), were mainly the trade payables, bills payables, bank loans, accruals and other payables, bank overdrafts and obligations under finance leases. The Group had non-current liabilities amounted to approximately S\$4,721,000 (31 December 2006: S\$4,581,000). The net asset value per share as at 30 June 2007 was approximately S\$0.078 (31 December 2006: S\$0.075).

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 30 June 2007, the gearing ratio of the Group was 0.41 (31 December 2006: 0.39).

Contingent Liabilities

In addition to notes 11b as disclosed above, the Company has executed guarantees amounting to approximately S\$56,543,000 (2006: S\$56,812,000 with respect to banking facilities made available to subsidiaries.

Charges on Group Assets

As at 30 June 2007, the Group pledged time deposits of approximately S\$2,979,270 (31 December 2006: S\$2,373,000) and charged plant and machinery of approximately S\$1,100,000 (31 December 2006: S\$984,000) to several banks for banking facilities for the Group.

Employee Information

As at 30 June 2007, the total number of employee of the Group was about 150. For the Interim Period, the staff costs including directors' remuneration of the Group amounted to approximately 4.8% of the turnover of the Group and decrease to approximately S\$972,000, down 13.6% as compared to the corresponding period in 2006. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Retirement Benefits

During the Interim Period, the aggregate amount of the employer's contribution of the Group under Central Provident Fund in Singapore and Mandatory Provident Fund in Hong Kong amounted to approximately S\$39,000 (2006: S\$55,000) in aggregate.

Capital Structure of the Group in Debt Securities

During the Interim Period and the corresponding period in 2006, the Group has no debt securities in issue.

Materials Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Interim Period and the corresponding period in 2006, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Material Investments or Capital Assets

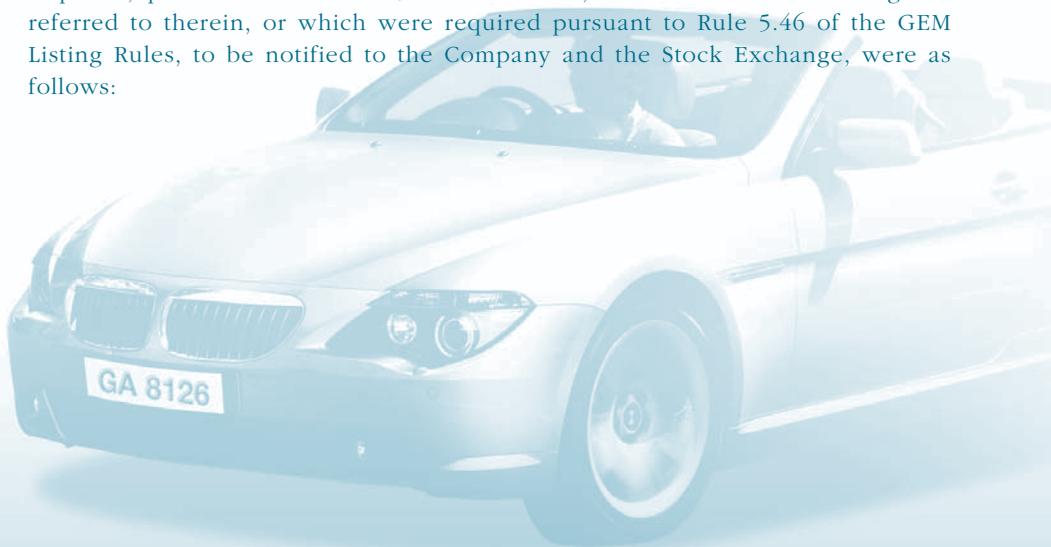
As at 30 June 2007, the Group had no future plans for material investment and purchase of capital assets.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

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

As at 30 June 2007, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:



Long positions in shares

Name	Capacity	Number of ordinary shares held				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 2)	-	100,149,480	25.04%
Loh Boon Cha	Deemed interest	-	54,865,480 (Note 3)	45,284,000 (Note 3)	-	100,149,480	25.04%

Notes:

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

Save as disclosed above, as at 30 June 2007, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.47 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITION OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, 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	11.32%
ComfortDelGro Corporation Limited	Interest of a controlled corporation (Note 2)	61,667,570	15.42%
Loh Kim Her	Interest of a controlled corporation (Note 3)	53,284,000	13.32%
Chan Hing Ka Anthony	Interest of a controlled corporation (Note 4)	94,765,925	23.69%

Notes:

1. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Him Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Him Her and the father of Mr. Loh Nee Peng.
2. The 61,667,570 shares are held by ComfortDelGro (China) Pte Ltd., the wholly owned subsidiary of ComfortDelGro Corporation Limited. By virtue of the SFO, ComfortDelGro Corporation Limited is deemed to be interested in the shares held by ComfortDelGro Corporation (China) Pte Ltd.
3. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of the SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.

4. 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 June 2007, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

DIRECTORS' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

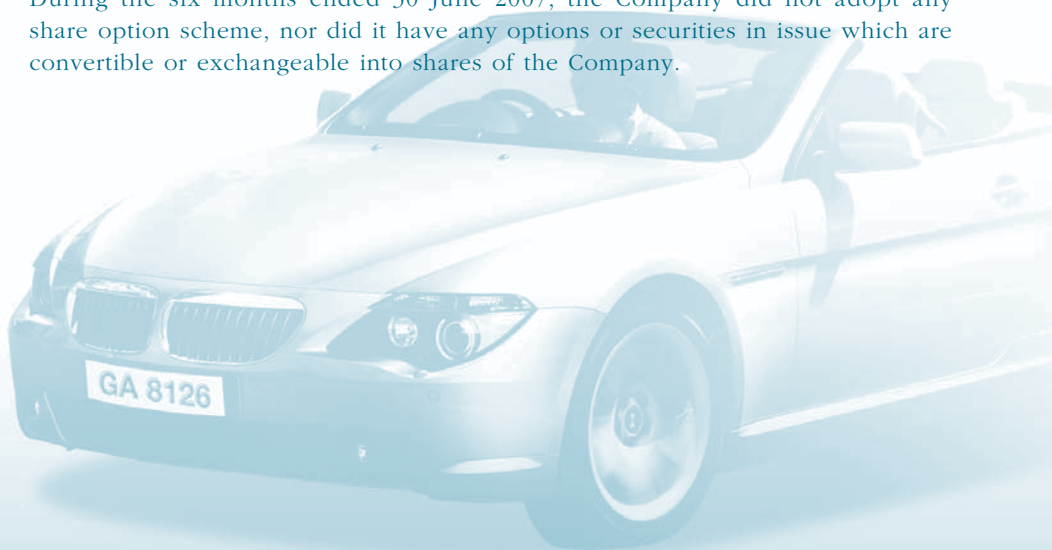
None of the Directors or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the six months ended 30 June 2007, the Company did not adopt any share option scheme, nor did it have any options or securities in issue which are convertible or exchangeable into shares of the Company.



ADVANCES TO ENTITIES

Pursuant to the Rules 17.15 and 17.17, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the "Assets Ratio"). As at 30 June 2007, the Company's total assets were approximately S\$82,239,000.

	(Unaudited)		% of	(Unaudited)	
	As at		Assets	As at	
	30 June 2007		Ratio	31 March 2007	
	S\$'000	HK\$'000		S\$'000	HK\$'000

NAGC Group:

Prepaid rental advances	6,788	34,633	8.3%	6,826	34,826
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	(Unaudited)		% of	(Unaudited)	
	As at		Assets	As at	
	30 June 2007		Ratio	31 March 2007	
	S\$'000	HK\$'000		S\$'000	HK\$'000

Zhong Bao Group*:

Advances to Zhong Bao Group	18,368	93,714	22.3%	18,712	95,469
Guarantees to Zhong Bao Group	24,000	122,449	29.2%	23,760	121,224

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

PREPAID RENTAL ADVANCES DUE FROM NAGC

As at 30 June 2007, prepaid rental expenses amounted to approximately S\$6,788,000 (equivalent to approximately HK\$34,633,000) (as at 31 March 2007: S\$6,826,000; equivalent to approximately HK\$34,826,000) 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. The amount of prepaid rental expenses represents 8.3% of the unaudited total assets of the Group as at 30 June 2007.

ADVANCES TO ZHONG BAO GROUP

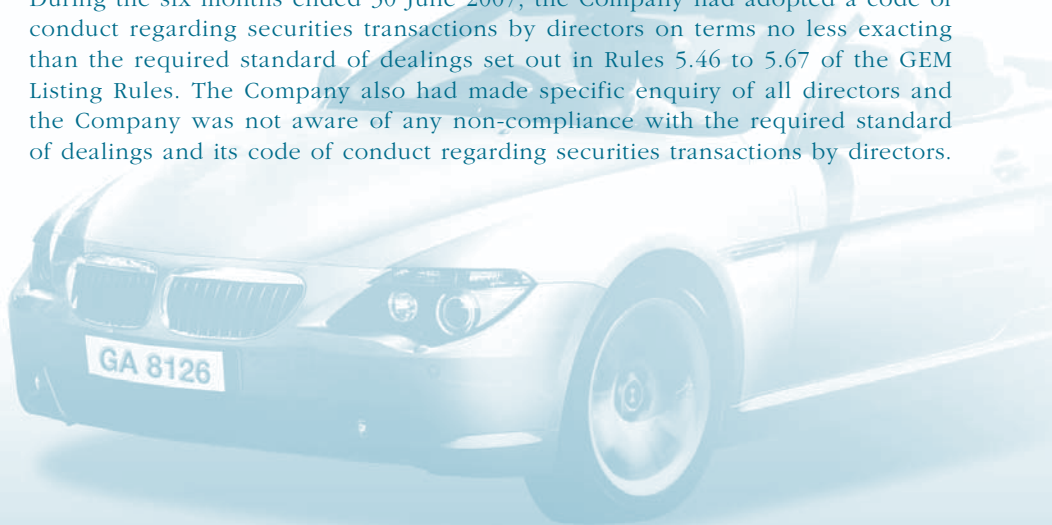
As at 30 June 2007, advances of approximately S\$18,368,000 (equivalent to approximately HK\$93,714,000) (as at 31 March 2007: S\$18,712,000; equivalent to approximately HK\$95,469,000) were advanced to Zhong Bao Group, representing 22.3% of the Group's Assets Ratio. The advances were made for the marketing 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 2007.

GUARANTEES TO ZHONG BAO GROUP

Guarantees in the amount of approximately S\$24,000,000 (equivalent to approximately HK\$122,449,000) (as at 31 March 2007: S\$23,760,000; equivalent to approximately HK\$121,224,000) 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 29.2% of the unaudited total assets of the Group as at 30 June 2007.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2007, 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 2006.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules on 5 June 2002. The audit committee comprises three independent non-executive Directors, namely Mr. Yin Bin, Mr. Zhang Lei and Mr. Lee Kwok Yung. The duties of the audit committee include reviewing the Company's annual reports and accounts, half-year reports and quarterly reports and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee has received the interim results and provided comments.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Loh Nee Peng and Mr. Xu Ming. Independent non-executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung and Mr. Zhang Lei.

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

Hong Kong, 14 August 2007