



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)

THIRD QUARTERLY REPORT 2010





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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the 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 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2010

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2010	2009	2010	2009
		S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2	10,809	12,319	31,423	33,296
Other income	2	1,069	566	3,123	1,724
		11,878	12,885	34,546	35,020
Cost of sales		(7,513)	(8,400)	(21,756)	(22,591)
Employee benefit expenses		(798)	(917)	(2,398)	(2,741)
Depreciation and amortisation		(426)	(397)	(1,323)	(1,234)
Operating lease charges		(241)	(78)	(804)	(238)
Exchange differences, net		(428)	199	(459)	563
Other operating expenses		(867)	(660)	(2,506)	(2,043)
Profit from operating activities		1,605	2,632	5,300	6,736
Finance costs		(387)	(379)	(1,114)	(1,289)
Profit before income tax		1,218	2,253	4,186	5,447
Income tax expense	3	(190)	(212)	(1,404)	(624)
Profit for the period		1,028	2,041	2,782	4,823



	<i>Notes</i>	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Other comprehensive income/(loss), including reclassification adjustments for the period					
Exchange loss on translation of foreign operations		(1,103)	(610)	(929)	(1,744)
Total comprehensive income/(loss) for the period		(75)	1,431	1,853	3,079
Profit attributed to:					
Owners of the Company		1,029	2,042	2,788	4,826
Non-controlling interest		(1)	(1)	(6)	(3)
		1,028	2,041	2,782	4,823
Total comprehensive income/(loss) attributed to:					
Owners of the Company		(74)	1,432	1,859	3,082
Non-controlling interest		(1)	(1)	(6)	(3)
		(75)	1,431	1,853	3,079
Earnings per share attributable to the owners of the Company for the period					
Basic (Singapore cent)	4	0.23	0.47	0.62	1.11
Diluted (Singapore cent)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2009 and 2010

	Equity attributable to owners of the Company					Total	Non- controlling Interest	Total Equity
	Issued capital	Share premium	Capital reserve	Translation reserve	Retained profits			
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
As at 1 January 2009	9,637	5,179	1,689	(1,784)	21,348	36,069	386	36,455
Profit for the period	-	-	-	-	4,826	4,826	(3)	4,823
Other comprehensive income, including reclassification adjustments								
Translation difference	-	-	-	(1,720)	-	(1,720)	(24)	(1,744)
Total comprehensive income for the period	-	-	-	(1,720)	4,826	3,106	(27)	3,079
As at 30 September 2009	9,637	5,179	1,689	(3,504)	26,174	39,175	359	39,534
As at 1 January 2010	9,637	5,179	1,689	(2,049)	23,275	37,731	356	38,087
Proceeds from shares issued	780	974	-	-	-	1,754	-	1,754
Share issue expenses	-	(17)	-	-	-	(17)	-	(17)
Transactions with owners	780	957	-	-	-	1,737	-	1,737
Profit for the period	-	-	-	-	2,788	2,788	(6)	2,782
Other comprehensive income, including reclassification adjustments								
Translation difference	-	-	-	(913)	-	(913)	(16)	(929)
Total comprehensive income for the period	-	-	-	(913)	2,788	1,875	(22)	1,853
As at 30 September 2010	10,417	6,136	1,689	(2,962)	26,063	41,343	334	41,677



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 Listing Rules”) 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 2009.

2. REVENUE

Revenue of the Group is recognised by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Revenue				
Sales of motor vehicles	2,916	4,191	8,489	11,902
Servicing of motor vehicles and sales of auto parts	6,658	7,196	19,830	18,478
Technical fee income	1,235	932	3,104	2,916
	10,809	12,319	31,423	33,296
Other income				
Rental income – sublease	562	509	1,612	1,473
Interest income on financial assets stated at amortised cost	10	11	26	44
Other income	497	46	1,485	207
	1,069	566	3,123	1,724

3. INCOME TAX EXPENSES

The charge comprises:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Hong Kong profits tax	136	62	304	221
Overseas taxation	54	150	1,100	403
Total income tax expense	190	212	1,404	624

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 (2009: Nil).

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2010 was based on the unaudited consolidated profit attributable to owners of the Company of approximately S\$1,029,000 (2009: S\$2,042,000) and on the weighted average number of 450,922,711 (2009: 433,000,000 (weighted average number)) ordinary shares in issue during three months ended 30 September 2010.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2010 and 2009 respectively.

The calculation of basic earnings per share for the nine months ended 30 September 2010 was based on the unaudited consolidated profit attributable to owners of the Company of approximately S\$2,788,000 (2009: S\$4,826,000) and on the weighted average number of 450,922,711 (2009: 433,000,000 (weighted average number)) ordinary shares in issue during nine months ended 30 September 2010.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2010 and 2009 respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 30 September 2010, the sales were approximately S\$31,423,000. Turnover of the group recorded a decrease of 5.6% as compared to the corresponding period last year. The gross profit margin for the Group has decreased from 32.2% to 30.8%. The decrease in revenue was a result of decrease in sales of motor vehicles, although both servicing of motor vehicles and car rental income have increased compared to the corresponding period in 2009 due to the implementation of profit margin orientated strategy.

1. *Sales of motor vehicles*

For the nine months ended 30 September 2010, the turnover generated from sales of motor vehicles was approximately S\$8,489,000, representing a decrease of approximately 28.7% as compared to the corresponding period in 2009. The turnover was S\$10,809,000 for the three months ended 30 September 2010. The decrease was mainly due to the substantial slow down of the market during the first half of the year, deferring the purchasing power of the customers to be released in the end of third quarter. The sales of motor vehicles comprise 27.0% of the total turnover.

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

For the nine months ended 30 September 2010, the turnover generated from servicing of motor vehicles and sales of auto parts increased from approximately 55.5% to 63.1% of the total turnover, amounted to approximately S\$19,830,000 as compared to the corresponding period in 2009.

3. *Technical fee income*

Technical fee income for the nine months ended 30 September 2010 was approximately S\$3,104,000, increased by approximately 6.4% compared to the corresponding period in 2009. The tremendous sales in the luxury car market contributed the outstanding recovery in the quarter.

4. *Car rental business*

The operation of car rental business in Hong Kong encountered a 9.4% increase compared to the corresponding period last year, totaling an amount of approximately S\$1,612,000.

Financial Review

Turnover

The unaudited consolidated turnover for the nine months ended 30 September 2010 decreased to approximately S\$31,423,000 from approximately S\$33,296,000 for the corresponding period in 2009. This represented a decrease of approximately 5.6%. The decrease was mainly contributed by decrease in sales of motor vehicles.

Gross profit

The gross profit for the nine months ended 30 September 2010 was approximately S\$9,667,000, a slightly decrease of approximately 9.7% as compared to the corresponding period in 2009. The decrease in gross profit was due to decreased sales for motor vehicles. The gross profit margin was approximately 30.8% for the nine months ended 30 September 2010 (2009: 32.2%).

Exchange gain/(loss)

For the nine months ended 30 September 2010, the exchange loss was approximately S\$459,000. The exchange loss was mainly due to the fluctuation of other currencies against RMB, as well as from the translation of accounts receivables 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 2010, other operating expenses were approximately S\$2,506,000 representing a significant increase of approximately 22.7% as compared to the corresponding period in 2009. The increase was due to increase of legal and professional fee for the new placing of shares in June 2010, and the expenses incurred for the car exhibition held in Beijing in August 2010.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2010 was approximately S\$2,788,000, compared to the S\$4,826,000, representing a decrease of 42.2% compared to the corresponding period in 2009.



Placing of 43.3 million of new shares

On 24 May 2010, the Company and the Subscribers entered into the subscription agreements in relation to the subscription of an aggregate of 43,300,000 subscription shares by the Subscribers at the subscription price of HK\$0.225 per subscription share.

The subscription shares represent about 10% of the issued share capital of the Company before enlarged by the subscription shares and about 9.09% of the Company's issued share capital as enlarged by the subscription shares.

The gross proceeds of the subscription amounted to approximately HK\$9.74 million. After deducting relevant expenses of about HK\$244,000 from the subscriptions, the net proceeds from the subscriptions will amount to appropriately HK\$9.50 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 43,300,000 subscription shares has taken place on 10 June 2010.

Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2010 (nine months ended 30 September 2009: Nil).

Prospects

The market of deluxe private car in China keeps surging throughout the second half year in 2010, though the global economy is still under recovery. The China chief of BMW expected in August that its China sales to surge by 30 percent this year, however, this target has already been achieved. While the markets in the US and Europe dropped due to the financial crisis, China continues going. The automotive business in China as well as the related servicing sectors have been seeing significant benefits through the dynamic economy growth of China.

As mentioned in our interim year of 2010, the Group will continue to strive for greater breakthrough in its business with its long term business partners, cooperating stably with a win-win situation, expanding its product portfolio to fulfill our customers' desires and needs at appropriate time so as to enhance its competitiveness, sustainability, as well as its position in the industry and market shares.

The Group will also explore further the car rental business with its customers so as to enhance the profitability and cashflow of the local business operations.

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

As at 30 September 2010, 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 percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 1)	-	100,149,480	21.03%
Loh Boon Cha	Deemed interest	-	54,865,480	45,284,000 (Note 2)	-	100,149,480	21.03%

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 by 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 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 2010, 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 SHAREHOLDERS

As at 30 September 2010, 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	9.51%
Loh Kim Her	Interest of a controlled corporation (Note 2)	53,284,000	11.18%
Fang Zhun Chun	Beneficial owner	90,792,000	19.06%
Chan Hing Ka Anthony	Interest of a controlled corporation (Note 3)	95,141,925	19.98%

Notes:

1. 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.
2. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group 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 95,141,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony, as well as 376,000 shares held directly as beneficial owner. 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 2010, 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' AND CHIEF EXECUTIVES' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

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

COMPETING INTERESTS

During the nine months ended 30 September 2010, none of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

For the nine months ended 30 September 2010, the Company has not adopted any share option schemes, nor does 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 17.16 and 17.17, a disclosure obligation arises where the increment of advanced amount to an entity from the Group exceeds 3% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the “Assets Ratio”). As at 30 September 2010, the Company’s total assets were approximately S\$85,270,000.

	(Unaudited)		Assets Ratio (%)	(Unaudited)		Increment as compared to Assets Ratio
	As at 30 September 2010			As at 30 June 2010		
	S\$'000	HK\$'000		S\$'000	HK\$'000	
NAGC Group:						
Prepaid rental advances	6,444	37,906	7.6%	6,482	36,011	N/A
Advances to NAGC	1,357	7,982	1.6%	1,417	7,872	N/A
Guarantee to NAGC	3,685	21,676	4.3%	3,917	21,761	N/A
	11,486	67,564	13.5%	11,816	65,644	

Zhong Bao Group*:

Advances to Zhong Bao Group	22,882	134,600	26.8%	23,491	130,506	N/A
Guarantees to Zhong Bao Group	22,167	130,394	26.0%	23,896	132,756	N/A
	45,049	264,994	52.8%	47,387	263,262	
	56,535	332,558	66.3%	59,203	328,906	

* 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 2010 are announced as follows:

Prepaid Rental Advances due from NAGC

As at 30 September 2010, prepaid rental expenses amounted to approximately S\$6,444,000 (equivalent to approximately HK\$37,906,000) (as at 30 June 2010: S\$6,482,000; equivalent to approximately HK\$36,011,000) were made in accordance with the co-operation agreement in March 2000 and entered into between the Group and China National Automotive 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 shareholders 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\$1,357,000 (equivalent to approximately HK\$7,982,000) (as at 30 June 2010: S\$1,417,000; equivalent to approximately HK\$7,872,000) were advanced to NAGC Group, representing 1.6% 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 2010.

Guarantees to NAGC

Guarantees in the amount of approximately S\$3,685,000 (equivalent to approximately HK\$21,676,000) (as at 30 June 2010: S\$3,917,000; equivalent to approximately HK\$21,761,000) 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 2010 are announced as follows:

Advances to Zhong Bao Group

As at 30 September 2010, advances of approximately S\$22,882,000 (equivalent to approximately HK\$134,600,000) (as at 30 June 2010: S\$23,491,000; equivalent to approximately HK\$130,506,000) were advanced to Zhong Bao Group, representing 26.8% 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 2008. 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 2010.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately S\$22,167,000 (equivalent to approximately HK\$130,394,000) (as at 30 June 2010: S\$23,896,000; equivalent to approximately HK\$132,756,000) were provided to a bank in respect of banking facilities granted to Zhong Bao Group. The guarantees were for the bank facilities granted for the use in car trade business of Zhong Bao Group.



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2010, 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 2009.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company's Audit Committee was formed on 5 June 2002 and is currently composed of four independent non-executive Directors, namely Mr. Yin Bin, Mr. Lee Kwok Yung, Mr. Lin Ju Zheng and Miss Song Qi Hong. The primary duties of the Audit Committee are (a) to review the Group's annual reports and financial statements, interim reports and quarterly reports, (b) to provide advices and comments thereon to the Board, and (c) to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee has received the third quarter results and provided comments.

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 11 November 2010.

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 2010.

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, Mr. Lin Ju Zheng and Miss Song Qi Hong.

By Order of the Board
G.A. Holdings Limited
Loh Boon Cha
Chairman

Hong Kong, 11 November 2010