



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)

RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

**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 announcement, 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 announcement.

This announcement, 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2011

		(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2011	2010	2011	2010
	Notes	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2	12,452	10,809	40,211	31,423
Other income	2	<u>2,877</u>	<u>1,069</u>	<u>4,364</u>	<u>3,123</u>
		15,329	11,878	44,575	34,546
Cost of sales		(10,006)	(7,513)	(28,517)	(21,756)
Employee benefit expenses		(1,029)	(798)	(3,002)	(2,398)
Depreciation and amortisation		(499)	(426)	(1,439)	(1,323)
Operating lease charges		(268)	(241)	(793)	(804)
Exchange differences, net		491	(428)	(74)	(459)
Other operating expenses		<u>(1,110)</u>	<u>(867)</u>	<u>(3,141)</u>	<u>(2,506)</u>
Profit from operating activities		2,908	1,605	7,609	5,300
Finance costs		<u>(575)</u>	<u>(387)</u>	<u>(1,560)</u>	<u>(1,114)</u>
Profit before income tax		2,333	1,218	6,049	4,186
Income tax expense	3	<u>(430)</u>	<u>(190)</u>	<u>(1,545)</u>	<u>(1,404)</u>
Profit for the period		<u>1,903</u>	<u>1,028</u>	<u>4,504</u>	<u>2,782</u>
Other comprehensive income/(loss), including reclassification adjustments for the period					
Exchange gain/(loss) on translation of financial statements of foreign operations		<u>2,064</u>	<u>(1,103)</u>	<u>1,596</u>	<u>(929)</u>
Total comprehensive income/ (loss) for the period		<u>3,967</u>	<u>(75)</u>	<u>6,100</u>	<u>1,853</u>

		(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		30 September		30 September	
		2011	2010	2011	2010
<i>Notes</i>		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Profit for the period attributed to:					
Owners of the Company		1,905	1,029	4,510	2,788
Non-controlling interests		<u>(2)</u>	<u>(1)</u>	<u>(6)</u>	<u>(6)</u>
		<u>1,903</u>	<u>1,028</u>	<u>4,504</u>	<u>2,782</u>
Total comprehensive					
income/(loss) attributed to:					
Owners of the Company		3,947	(74)	6,093	1,859
Non-controlling interests		<u>20</u>	<u>(1)</u>	<u>7</u>	<u>(6)</u>
		<u>3,967</u>	<u>(75)</u>	<u>6,100</u>	<u>1,853</u>
Earnings per share attributable to the owners of the Company for the period					
Basic (Singapore cent)	4	<u>0.40</u>	<u>0.23</u>	<u>0.95</u>	<u>0.62</u>
Diluted (Singapore cent)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2011 and 2010

	Equity attributable to owners of the Company						Non-	Total
	Issued capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total	controlling Interests S\$'000	Equity S\$'000
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	<u>10,417</u>	<u>6,136</u>	<u>1,689</u>	<u>(2,962)</u>	<u>26,063</u>	<u>41,343</u>	<u>334</u>	<u>41,677</u>
As at 1 January 2011	10,417	6,136	1,689	(2,851)	26,914	42,305	329	42,634
Profit for the period	–	–	–	–	4,510	4,510	(6)	4,504
Other comprehensive income, including reclassification adjustments								
Translation difference	–	–	–	1,583	–	1,583	13	1,596
Total comprehensive income for the period	–	–	–	1,583	4,510	6,093	7	6,100
As at 30 September 2011	<u>10,417</u>	<u>6,136</u>	<u>1,689</u>	<u>(1,268)</u>	<u>31,424</u>	<u>48,398</u>	<u>336</u>	<u>48,734</u>

Notes:

1. BASIS OF PREPARATION

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

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

The accounting policies and basis of preparation adopted in these unaudited consolidated results 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 2010.

The unaudited condensed financial statements have been reviewed by the audit committee of the Company and were approved by the board of directors on 14 November 2011.

2. REVENUE

Revenue of the Group is recognised by category is as follows:

	(Unaudited) Three months ended 30 September 2011 S\$'000		(Unaudited) Nine months ended 30 September 2011 S\$'000	
	2010 S\$'000		2010 S\$'000	
Revenue				
Sales of motor vehicles	3,169	2,916	9,782	8,489
Servicing of motor vehicles and sales of auto parts	8,041	6,658	25,873	19,830
Technical fee income	1,242	1,235	4,556	3,104
	<u>12,452</u>	<u>10,809</u>	<u>40,211</u>	<u>31,423</u>
	(Unaudited) Three months ended 30 September 2011 S\$'000		(Unaudited) Nine months ended 30 September 2011 S\$'000	
	2010 S\$'000		2010 S\$'000	
Other income				
Rental income – sublease	670	562	1,905	1,612
Interest income on financial assets stated at amortised cost	20	10	42	26
Other income	2,187	497	2,417	1,485
	<u>2,877</u>	<u>1,069</u>	<u>4,364</u>	<u>3,123</u>

3. INCOME TAX EXPENSE

The charge comprises:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Current – Hong Kong				
Charge for the period	133	136	735	304
Over-provision in prior period	–	–	(118)	–
Current – Overseas				
Charge for the period	297	54	928	1,100
Total income tax expense	<u>430</u>	<u>190</u>	<u>1,545</u>	<u>1,404</u>

Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of the income tax rates for domestic-invested and foreign invested enterprises at 25%.

The Group has no material unprovided deferred taxation for the period (2010: Nil).

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2011 was based on the unaudited consolidated profit attributable to owners of the Company of approximately S\$1,905,000 (2010: S\$1,029,000) and on the weighted average number of 476,300,000 (2010: 450,922,711 (weighted average number)) ordinary shares in issue during three months ended 30 September 2011.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 September 2011 and 2010 respectively.

The calculation of basic earnings per share for the nine months ended 30 September 2011 was based on the unaudited consolidated profit attributable to owners of the Company of approximately S\$4,510,000 (2010: S\$2,788,000) and on the weighted average number of 476,300,000 (2010: 450,922,711 (weighted average number)) ordinary shares in issue during nine months ended 30 September 2011.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the nine months ended 30 September 2011 and 2010 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 2011, an increase of sales was continuously recorded in the third quarter. Revenue of the Group recorded an increase of 28%, however the gross profit margin for the Group has slightly decreased from 30.8% to 29.1%. The increase in servicing of motor vehicles and technical fee income mainly attributed to the overall increase in total revenue. However, the decrease in profit margin was due to the increase in cost of sales during the quarter, as a result of the inflation in the economy.

1. Sales of motor vehicles

For the nine months ended 30 September 2011, the revenue generated from sales of motor vehicles was approximately S\$9,782,000, representing an increase of approximately 15.2% as compared to the corresponding period in 2010. The revenue was S\$3,169,000 for the three months ended 30 September 2011. The increase was mainly due to the demand of deluxe import vehicles even the general inflation in China is soaring high. The sales of motor vehicles comprise 24.3% of the total revenue.

2. Servicing of motor vehicles and sales of auto parts

For the nine months ended 30 September 2011, the revenue generated from servicing of motor vehicles and sales of auto parts increased from approximately 63.1% to 64.3% of the total revenue, amounted to approximately S\$25,873,000 as compared to the corresponding period in 2010. The increase was due to the continuous demand of sales support for luxurious vehicles.

3. Technical fee income

Technical fee income for the nine months ended 30 September 2011 was approximately S\$4,556,000, increased by approximately 46.8% as compared to the corresponding period in 2010. The increase was due to the corresponding increase in car sales of locally assembled BMW sold by Zhong Bao Group during the quarter.

4. Car rental business

The operation of car rental business in Hong Kong encountered an increase of 18.2% as compared to the corresponding period in 2010, totaling an amount of approximately S\$1,905,000.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2011 has increased by 28% from approximately S\$31,423,000 in the corresponding period in 2010 to S\$40,211,000 in 2011. Revenue arises from servicing of motor vehicles contributed to more than half of the total revenue. While the sales of motor vehicles and technical fee income also recorded a satisfactory increase during the quarter and recorded an increase of 15.2% and 46.8% respectively. Revenue generated from the car rental sector also recorded a satisfactory increase.

Gross profit

The gross profit for the nine months ended 30 September 2011 was approximately S\$11,694,000, represented an increase of approximately 21% as compared to the corresponding period in 2010. The increase in gross profit was mainly due to increased revenue generated from the segment of servicing of motor vehicles and technical fee income. However, the gross profit margin for the Group has slightly decreased from 30.8% to 29.1%. The decrease in gross profit margin was mainly due to an increase in cost of sales offsetting the increase in total revenue. Whereas the 31% increase in cost of sales is mainly attributable by the high inflationary effect from the market economy in China.

Exchange gain/(loss)

For the nine months ended 30 September 2011, the exchange loss was approximately S\$74,000. 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.

During the three months ended 30 September 2011, an exchange gain was resulted amounted to approximately S\$491,000. This was due to a sharp fluctuation in the foreign exchange market in the quarter, also as a result from the economic crisis mainly from the European market, there was an appreciation of other foreign currencies against SGD. Since the major operations of the business are denominated in other foreign currencies, such as RMB, EUR and USD, consequently an exchange gain was resulted.

Other operating expenses

For the nine months ended 30 September 2011, other operating expenses were approximately S\$3,141,000, representing an increase of approximately 25.3% as compared to the corresponding period in 2010. The increase was mainly due to the increase in traveling, entertainment and other related business expenses incurred in relations to various marketing campaigns held in China.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2011 was approximately S\$4,510,000, compared to the S\$2,788,000, representing a significant increase of 61.8% compared to the corresponding period in 2010. This was mainly due to the increase in total revenue and other revenue, as well as the exchange gain that has resulted during the third quarter.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

PROSPECTS

As the China central bank tightens lending, the China automobile market faces slowing sales growth and falling in price. The growth in demand for high-end vehicles was cooled down during the first eight months of this year from its peak in 2010.

China's central bank raised interest rates five times in the past year to curb inflation, mid- to upper level potential buyers started to rethink or delay luxury purchases under such tightening Chinese economy. Furthermore, the city of Beijing started restricting the number of license plates available beginning in January to fight pollution and congestion. These measures are contributing to slowing car demand.

However, softening demand has cut waiting times from three months to no wait for high-end models, and the biggest discount are offered to cities such as Shanghai and Beijing.

Even if growth may have peaked, luxury carmakers expect the Chinese car market will keep growing at a comparatively lower rate. The competitive market in China has been shifting from the brand of the original product to the comprehensive competition including after sales services. BMW is always proud of the pleasure of driving strives to be more stable and introvert so as to come deeply into the Chinese society.

Aligning with the strategy of BMW, we are devoting our effort in the sales of automobiles as well as 4S services in China. We will seek for expansion into less developed cities to grasp the next wave of demand. 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 2011, 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	Personal Interest	Number of ordinary shares held			Total	Approximate percentage of shareholding
			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 2011, 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 5.67 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 2011, 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 Zhen 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 2011, 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 2011, 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

During the nine months ended 30 September 2011, the Company did not adopt any share option schemes, nor did it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

ADVANCES TO ENTITIES

Pursuant to the Rules 17.16 and 17.17, a disclosure obligation arises where the increment of advance amount to an entity from the Group exceeds 3% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the "Assets Ratio"). As at 30 September 2011, the Company's total assets were approximately S\$99,590,000.

	(Unaudited) As at 30 September 2011		Assets Ratio (%)	(Unaudited) As at 30 June 2011		Increment as compared to Assets Ratio (%)
	S\$'000	HK\$'000		S\$'000	HK\$'000	
NAGC Group:						
Prepaid rental advances	6,138	36,976	6.2%	6,330	40,063	N/A
Advances to NAGC	81	488	0.1%	78	494	N/A
Guarantee to NAGC	3,632	21,880	3.6%	3,441	21,778	N/A
	<u>9,851</u>	<u>59,344</u>	<u>9.9%</u>	<u>9,849</u>	<u>62,335</u>	

	(Unaudited)			(Unaudited)		Increment as
	As at		Assets	As at		compared to
	30 September 2011		Ratio	30 June 2011		Assets Ratio
	S\$'000	HK\$'000	(%)	S\$'000	HK\$'000	(%)
Zhong Bao Group *:						
Advances to Zhong						
Bao Group	26,877	161,910	27.0%	20,876	132,127	4.2%
Guarantees to Zhong						
Bao Group	30,044	180,988	30.2%	28,120	177,975	N/A
	<u>56,921</u>	<u>342,898</u>	<u>57.2%</u>	<u>48,996</u>	<u>310,102</u>	
	<u>66,772</u>	<u>402,242</u>	<u>67.1%</u>	<u>58,845</u>	<u>372,437</u>	

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

- 1) The details of transactions to NAGC which are of trading nature and remain outstanding as at 30 September 2011 are announced as follows:

Prepaid Rental Advances due from NAGC

As at 30 September 2011, prepaid rental expenses amounted to approximately S\$6,138,000 (equivalent to approximately HK\$36,976,000) (as at 30 June 2011: S\$6,330,000; equivalent to approximately HK\$40,063,000) 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\$81,000 (equivalent to approximately HK\$488,000) (as at 30 June 2011: S\$78,000; equivalent to approximately HK\$494,000) were advanced to NAGC Group, representing 0.1% 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 March 2012.

Guarantee to NAGC

Guarantee in the amount of approximately S\$3,632,000 (equivalent to approximately HK\$21,880,000) (as at 30 June 2011: S\$3,441,000; equivalent to approximately HK\$21,778,000) was provided to a bank in respect of banking facilities granted to NAGC Group. The guarantee was for the banking facilities granted for the use in car rental business by the Three Sub-licensees. The Group is negotiating with the correspondent bank to release the above guarantee. The Group does not have any security or receive any considerations from NAGC Group by giving such guarantee.

- 2) The details of transactions to Zhong Bao Group which are of trading nature and remain outstanding as at 30 September 2011 are announced as follows:

Advances to Zhong Bao Group

As at 30 September 2011, advances of approximately S\$26,877,000 (equivalent to approximately HK\$161,910,000) (as at 30 June 2011: S\$20,876,000; equivalent to approximately HK\$132,127,000) were advanced to Zhong Bao Group, representing 27% of the Group's Assets Ratio.

The advances were made for the marketing activities for 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 March 2012.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately S\$30,044,000 (equivalent to approximately HK\$180,988,000) (as at 30 June 2011: S\$28,120,000; equivalent to approximately HK\$177,975,000) 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 2011, 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 2010.

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 namely, Mr. Lee Kwok Yung, Mr. Yin Bin, 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 14 November 2011.

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 2011.

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, 14 November 2011

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.hk for at least 7 days from the date of its posting.