

INTERIM
REPORT 2006



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)

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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 2006 (the "Interim Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2006

	Notes	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
		2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Revenue	2	10,526	32,749	34,122	51,306
Other income	2	425	409	1,066	791
		10,951	33,158	35,188	52,097
Cost of sales		(8,084)	(29,538)	(27,566)	(45,675)
Employee benefits expenses		(535)	(433)	(1,125)	(851)
Depreciation and amortisation		(322)	(335)	(667)	(658)
Operating lease charges		(102)	(69)	(170)	(134)
Exchange differences, net		178	(388)	340	2
Other operating expenses		(484)	(963)	(1,394)	(1,698)
Profit from operating activities		1,602	1,432	4,606	3,083
Finance costs, net		(936)	(711)	(1,904)	(1,185)
Profit before income tax	3	666	721	2,702	1,898
Income tax expense	4	(83)	(126)	(451)	(335)
Profit for the period		583	595	2,251	1,563
Attributed to:					
Equity holders of the Company		588	600	2,260	1,573
Minority interests		(5)	(5)	(9)	(10)
Profit for the period		583	595	2,251	1,563
Earnings per share for profit attributable to the equity holders of the Company during the period					
Basic (Singapore cent)	5	0.15	0.15	0.57	0.39
Diluted (Singapore cent)	5	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 June 2006*

		(Unaudited)	(Audited)
		As at	As at
		30 June 2006	31 Dec 2005
<i>Notes</i>		S\$'000	S\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,758	5,594
Leasehold land		648	647
Prepaid rental expenses		6,941	7,017
Deposit for acquisition of a land use right		233	132
Non-current receivables		1,646	1,756
		14,226	15,146
Current assets			
Inventories		4,789	2,477
Trade receivables	8	17,036	24,734
Bills receivables		–	3,842
Prepayment, deposits and other current assets	10	38,525	32,353
Due from related companies		117	112
Due from directors		63	4
Pledged deposits		5,424	12,602
Bank balances and cash		1,129	12,740
		67,083	88,864
Current liabilities			
Trade payables	9	4,712	7,188
Accruals, deposit received and other payables		7,407	6,089
Pension and other employee obligations		18	20
Bills payable		16,276	43,242
Borrowings		10,791	9,627
Due to related companies		486	484
Due to directors		562	489
Tax payable		5,756	5,483
		46,008	72,622

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)**As at 30 June 2006*

	(Unaudited)	(Audited)
	As at	As at
	30 June 2006	31 Dec 2005
<i>Notes</i>	S\$'000	S\$'000
Net current assets	21,075	16,242
Total assets less current liabilities	35,301	31,388
Non-current liabilities		
Borrowings	4,957	1,429
Deferred tax	<u>195</u>	<u>210</u>
	5,152	1,639
NET ASSETS	<u>30,149</u>	<u>29,749</u>
EQUITY		
Equity attributable to Company's equity holders		
Share capital	9,040	9,040
Reserves	<u>20,723</u>	<u>20,288</u>
	29,763	29,328
Minority interests	<u>386</u>	<u>421</u>
Total equity	<u>30,149</u>	<u>29,749</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2005 and 2006

	Equity attributable to equity holders of the Company						Total S\$'000
	Issued capital S\$'000	Share premium* S\$'000	Capital reserve* S\$'000	Translation reserve* S\$'000	Retained profits* S\$'000	Minority Interests S\$'000	
As at 1 January 2005	9,040	4,006	1,689	(1,136)	10,621	418	24,638
Net gains not recognised in income statement							
Translation difference	-	-	-	407	-	6	413
Profit/(loss) for the period	-	-	-	-	1,573	(10)	1,563
As at 30 June 2005	<u>9,040</u>	<u>4,006</u>	<u>1,689</u>	<u>(729)</u>	<u>12,194</u>	<u>414</u>	<u>26,614</u>
As at 1 January 2006	9,040	4,006	1,689	301	14,292	421	29,749
Net gains not recognised in income statement							
Translation difference	-	-	-	(1,825)	-	(26)	(1,851)
Profit/(loss) for the period	-	-	-	-	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>386</u>	<u>30,149</u>

* These reserves accounts comprise the consolidated reserves of S\$20,723,000 (as at 31 December 2005: S\$20,288,000) in the consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2006*

	(Unaudited) six months ended 30 June 2006 S\$'000	(Unaudited) six months ended 30 June 2005 S\$'000
Net cash (used in) operating activities	(23,625)	(198)
Net cash generated from investing activities	267	1,548
Net cash (used in)/generated from financing activities	7,231	(39)
Net increase/(decrease) in cash and cash equivalents	(16,127)	1,311
Cash and cash equivalents, at beginning of period	22,633	9,401
Cash and cash equivalents, at end of period	6,506	10,712
Analysis of balances of cash and cash equivalents		
Bank balances and cash	1,129	4,377
Pledged bank deposits	5,424	9,311
Bank overdrafts	(47)	(2,976)
	6,506	10,712

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 2005.

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 11 August 2006.

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	
	2006	2005	2006	2005
	S\$’000	S\$’000	S\$’000	S\$’000
Revenue – Turnover				
Sales of motor vehicles	7,661	29,326	27,245	44,638
Servicing of motor vehicles and sales of auto parts	2,666	1,947	5,515	3,508
Technical fee income	199	1,195	1,362	2,601
Management fee income	–	281	–	559
	10,526	32,749	34,122	51,306
Other income				
Rental income – Sublease	382	347	947	697
Other income	43	62	119	94
	425	409	1,066	791

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 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						(124)
Profit from operating activities						4,606
Finance costs, net						(1,904)
Profit before income tax expenses						2,702
Income tax expense						(451)
Profit for the six months ended 30 June 2006						<u>2,251</u>

Business segment analysis for the six months ended 30 June 2005 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	47,239	3,508	559	–	–	51,306
Inter-segment sales	245	–	–	1,807	(2,052)	–
	<u>47,484</u>	<u>3,508</u>	<u>559</u>	<u>1,807</u>	<u>(2,052)</u>	<u>51,306</u>
Segment results	<u>677</u>	<u>641</u>	<u>276</u>	<u>1,688</u>	<u>–</u>	<u>3,282</u>
Unallocated expenses						(199)
Profit from operating activities						3,083
Finance costs, net						(1,185)
Profit before income tax expenses						1,898
Income tax expense						(335)
Profit for the six months ended 30 June 2005						<u>1,563</u>

Secondary reporting format – geographical segment

The Group's operations are located in three main geographical areas, namely People's Republic of China except Hong Kong (the "PRC"), Hong Kong and Singapore. 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	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Hong Kong	–	671	–	3,664
PRC	<u>10,526</u>	<u>32,078</u>	<u>34,122</u>	<u>47,642</u>
	<u>10,526</u>	<u>32,749</u>	<u>34,122</u>	<u>51,306</u>

3. Profit before income tax

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
(a) Finance costs, net				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	911	687	1,851	1,142
Finance charges on obligations under finance leases	27	24	55	45
	<u>938</u>	<u>711</u>	<u>1,906</u>	<u>1,187</u>
Interest income	(2)	-	(2)	(2)
	<u>936</u>	<u>711</u>	<u>1,904</u>	<u>1,185</u>
(b) Employee benefits expenses				
Contributions to defined contribution plans	23	20	55	39
Salaries, wages and other benefits	512	413	1,070	812
	<u>535</u>	<u>433</u>	<u>1,125</u>	<u>851</u>
(c) Other items				
Depreciation of leased assets	202	129	390	283
Depreciation of other assets	83	167	201	298
(Gain)/Loss on disposal of fixed assets	(25)	2	(33)	6
Amortisation of prepaid rental expenses	38	38	76	76

4. Income tax expense

The charge comprises:

	(Unaudited) three months ended 30 June		(Unaudited) six months ended 30 June	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Current – Hong Kong Charge for the period	23	185	147	280
Current – Overseas ((over)/under provision in prior period/current period provision)	60	(59)	304	55
Total income tax expenses	<u>83</u>	<u>126</u>	<u>451</u>	<u>335</u>

Hong Kong profits 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 (2005: Nil).

5. Earnings per share

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to equity holders of the Company for the three months ended 30 June 2006 of approximately S\$588,000 (2005: S\$600,000) and on 400,000,000 (2005: 400,000,000) ordinary shares in issue during the three months ended 30 June 2006.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the three months ended 30 June 2006 and 2005 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 2006 of approximately S\$2,260,000 (2005: S\$1,573,000) and on 400,000,000 (2005: 400,000,000) ordinary shares in issue during the six months ended 30 June 2006.

Diluted earnings per share was not presented as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2006 and 2005 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 Chan Hing Ka Anthony, 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 rental expense during the period was approximately S\$30,000 (2005: S\$28,000).
- (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 Chan Hing Ka Anthony, 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 rental income during the period was approximately S\$5,000 (2005: S\$4,500).
- (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 Loh Kim Her 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 rental expense incurred by the Group during the period was approximately S\$9,000 (2005: S\$29,000).

7. Non-current receivables

	(Unaudited) As at 30 Jun 2006 S\$'000	(Audited) As at 31 Dec 2005 S\$'000
Advances to NAGC Group*	5,146	9,273
Advances to Zhong Bao Group**	11,955	19,148
	17,101	28,421
Portion classified as current asset (note 10)	(15,455)	(26,665)
Non-current portion	1,646	1,756

* 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 2006 S\$'000	(Audited) As at 31 Dec 2005 S\$'000
0 – 90 days	9,129	18,493
91 – 180 days	4,305	4,628
181 – 365 days	4,068	2,112
Over 1 year	99	70
	17,601	25,303
Less: Impairment of receivables	(565)	(569)
	17,036	24,734

9. Trade payables

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2006 S\$'000	(Audited) As at 31 Dec 2005 S\$'000
0 – 30 days	277	227
31 – 180 days	178	6,163
181 – 365 days	194	377
1 to 2 years	183	106
Over 2 years	3,880	315
	<u>4,712</u>	<u>7,188</u>

10. Prepayments, deposits and other current assets

	(Unaudited) As at 30 June 2006 S\$'000	(Audited) As at 31 Dec 2005 S\$'000
Current portion of non-current receivables (<i>note 7</i>)	15,455	26,665
Current portion of prepaid rental expenses	153	153
Other prepayments, deposits and other current assets	22,917	5,535
	<u>38,525</u>	<u>32,353</u>

11. Commitments

a. Operating lease commitments

As lessee:

As at 30 June 2006, the Group had total future minimum lease payment under non-cancellable operating leases, which are payable as follows:

	(Unaudited)	(Audited)
	As at	As at
	30 June 2006	31 Dec 2005
	S\$'000	S\$'000
Within 1 year	369	242
After 1 year but within 5 years	149	105
	518	347

b. Contingent liabilities

As at 30 June 2006, contingent liabilities of the Group not provided for are analysed as follows:

		(Unaudited)	(Audited)
		As at	As at
		30 June 2006	31 Dec 2005
	<i>Notes</i>	S\$'000	S\$'000
Guarantees provided to banks in respect of banking facilities granted to the following parties to the extent of:			
(i) NAGC Group	<i>(1)</i>	4,402	4,738
(ii) Xiamen Zhong Bao		19,600	24,035
		24,002	28,773

Notes:

(1) In addition, the Group's fixed deposits of approximately S\$1,679,000 (2005: S\$1,762,000) are pledged to secure these banking facilities at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the high consumption taxes policy was due for big emission vehicles in the second quarter of the year, sales was hindered under such impact as purchases were made ahead in the first quarter of the year. Moreover, as a result of the expiration of 5-year term sub-licensees car rental agreement, the Group ceased to receive management fee income. Facing obstacles of reducing sources of revenue and seeing that the automotive market is highly volatile and vulnerable to fiscal policies in the PRC, our Group have taken adaptive measures to enhance diversification of services by expansion of business with relatively higher profit margin. Though car sales was stifled by implementation of fiscal policies, still, our devotion in other business sectors outperformed other competitors under such gloomy atmosphere, with net profit of the Group increased by 43.7% compared to the corresponding period last year. The delight brought by such piece of encouraging news should make its claim to the expansion of servicing location in Fuzhou.

1. Sales of motor vehicles

Turnover generated from the sales of motor vehicles for the Interim Period was approximately S\$27,245,000, representing a decrease of approximately 39% as compared to the corresponding period in 2005. The decrease was mainly due to the reduction in sales of higher-priced motor vehicles. The sales of motor vehicles comprise 79.8% of the total turnover. As for comparison to the corresponding period last year, there recorded a decrease of approximately 7.2% 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 57.2% to approximately S\$5,515,000.

3. Technical fee income

Technical fee income for the Interim Period was approximately S\$1,362,000, decreased by approximately 47.6% as compared to the corresponding period in 2005 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 location, 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 35.8% to approximately S\$947,000 compared to the corresponding period last year.

PROSPECTS

Facing a seemingly overheating automotive market in the PRC, fiscal policies and austerity measures are crucial determinants of the industry's growth. Regulations on tariffs, consumption taxes and on environmental concerns are imposed by the PRC government to ensure a steady and prosperous growth of the industry, solely because of the booming demand.

Although car sales was affected tremendously due to the high consumption taxes policy on high emission vehicles imposed recently, the dynamic business nature of the Group enhances survival, and even an increment on profit is recorded. It is believed that car sales will be affected in the short run, as our products mix is mostly of high emission nature. However, the Group will definitely strive for counter adaptive measures to ensure profits, by expanding our car rental, auto parts trade and servicing sector. In addition, stringent costs control strategies performed on business will maximize shareholders' return. It is believed that car sales will gradually recover, with shortage for luxurious vehicles, back up by surging national income per capita each year.

Nonetheless, the Beijing Industrial & Commercial Bureau has issued its draft of the Vehicle Sales Contract and Road Goods Transportation Contract in Beijing to collect public opinions recently. This contract stipulates that dealerships should provide buyers with optional maintenance centres that are recognized by

manufacturers. If such policy comes into effect, it will help in limiting market entrance, bailing out incompetent firms. This serves to solidify our Group's market position, as our "4S" service centres are authorized and designed in accordance to international standard of manufacturers'.

FINANCIAL REVIEW

TURNOVER

Turnover for the Interim Period dropped by approximately 33.5% to approximately S\$34,122,000 as compared to the corresponding period in 2005. 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 by approximately 39%, while the turnover generated from servicing of motor vehicles and sales of auto parts recorded increases.

GROSS PROFIT

The gross profit for the Interim Period was approximately S\$6,556,000, an increase of approximately 16.4% as compared to the corresponding period in 2005. The increase in gross profit was due to increased revenue received from the servicing sector. The gross profit margin for the Interim Period was approximately 19.2%, up 8.2% of the corresponding period in 2005. The increase in gross profit margin resulted from increase in contribution from car rental income and servicing income on the total group turnover.

EXCHANGE GAIN

For the Interim Period, the exchange gain of the Group amounted to approximately S\$340,000, whereas exchange gain amounted to approximately S\$2,000 was recorded for the corresponding period in 2005. The exchange gain 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\$1,394,000 representing a decrease of approximately 17.9% as compared to the corresponding period in 2005. The decrease was mainly due to the decrease in operating cost of the car rental business in Hong Kong. The car rental business was steadily expanded 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\$2,260,000 representing an increase of approximately 43.7% compared to the corresponding period in 2005.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2006, shareholders' fund of the Group amounted to approximately S\$30,149,000 (31 December 2005: S\$29,749,000). Current assets amounted to approximately S\$67,083,000 (31 December 2005: S\$88,864,000). Of which, approximately S\$6,553,000 (31 December 2005: S\$25,342,000) were cash and bank deposits. Current liabilities, amounted to approximately S\$46,008,000 (31 December 2005: S\$72,622,000), 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\$5,152,000 (31 December 2005: S\$1,639,000). The net asset value per share as at 30 June 2006 was approximately S\$0.075 (31 December 2005: S\$0.074).

GEARING RATIO

The Group expresses its gearing ratio as a percentage of bank borrowing and long-term debts over total assets. As at 30 June 2006, the gearing ratio of the Group was 0.39 (31 December 2005: 0.52).

CONTINGENT LIABILITIES

In addition to notes 11b as disclosed above, the Group has the principal licensee of the Car Rental Business and has given corporate guarantees to the principal of the Car Rental Business, guaranteeing the performance and timely payment by the three car rental sub-licensees of all amounts payable under the respective sub-licensee agreements to Hertz International Ltd. These car rental sub-licensees are subsidiaries of NAGC.

CHARGES ON GROUP ASSETS

As at 30 June 2006, the Group pledged time deposits of approximately S\$5,424,000 (31 December 2005: S\$12,602,000) and charged plant and machinery of approximately S\$90,000 (31 December 2005: S\$151,000) to several banks for banking facilities for the Group, and to secure guarantees given by the bank to Hertz International Ltd., the principal of the "Hertz" system of the Car Rental Business.

As at 30 June 2006, the Group mortgaged the property and land and building with net book value of approximately S\$791,000 to a bank to secure a mortgage loan (31 December 2005: S\$799,000).

EMPLOYEE INFORMATION

As at 30 June 2006, the total number of employee of the Group was about 154. For the Interim Period, the staff costs including directors' remuneration of the Group amounted to approximately 3.3% of the turnover of the Group and increase to approximately S\$1,125,000, up 32.2% as compared to the corresponding period in 2005. 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\$55,000 (2005: S\$39,000) in aggregate.

CAPITAL STRUCTURE OF THE GROUP IN DEBT SECURITIES

During the Interim Period and the corresponding period in 2005, 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 2005, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2006, 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 2006 (six months ended 30 June 2005: Nil).

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

As at 30 June 2006, 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 shares held				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Chan Hing Ka Anthony	Interest of a controlled corporation	-	-	91,566,520 (Note 1)	-	91,566,520	22.89%
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 2)	-	100,149,480	25.04%

Notes:

1. The 91,566,520 shares are held as to 46,282,520 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 Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.
2. 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.

Save as disclosed above, as at 30 June 2006, 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 5.48 to 5.67 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 2006, 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%

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.

Save as disclosed above, as at 30 June 2006, 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 interests in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the six months ended 30 June 2006, 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 2006, the Company's total assets were approximately S\$81,309,000.

	(Unaudited) As at 30 June 2006		% of Assets Ratio	(Unaudited) As at 31 March 2006	
	S\$'000	HK\$'000		S\$'000	HK\$'000
NAGC Group:					
Prepaid rental advances	<u>6,941</u>	<u>33,694</u>	8.5%	<u>7,132</u>	<u>34,124</u>

	(Unaudited) As at 30 June 2006		% of Assets Ratio	(Unaudited) As at 31 March 2006	
	S\$'000	HK\$'000		S\$'000	HK\$'000
Zhong Bao Group*:					
Guarantees to Zhong Bao Group	<u>19,600</u>	<u>96,552</u>	24.1%	<u>24,035</u>	<u>115,000</u>

* 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 2006, prepaid rental expenses amounted to approximately S\$6,941,000 (equivalent to approximately HK\$33,694,000) (as at 31 March 2006: S\$7,132,000; equivalent to approximately HK\$34,124,000) 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 8.5% of the unaudited total assets of the Group as at 30 June 2006.

GUARANTEES TO ZHONG BAO GROUP

Guarantees in the amount of approximately S\$19,600,000 (equivalent to approximately HK\$96,552,000) (as at 31 March 2006: S\$24,035,000; equivalent to approximately HK\$115,000,000) 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 24.1% of the unaudited total assets of the Group as at 30 June 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2006, 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 2005.

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. Chan Hing Ka Anthony, 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, 11 August 2006