



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)



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 high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk 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 GEM Listing Rules 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 the information contained in this report 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 report misleading.

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 2012 (the “Interim Period”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2012

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2012	2011	2012	2011
		HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Revenue	2	110,021	81,696	170,543	149,112
Other income	2	15,584	16,240	31,389	32,684
		125,605	97,936	201,932	181,796
Changes in inventories		(76,474)	(50,109)	(118,927)	(104,554)
Employee benefit expenses		(15,226)	(13,378)	(21,211)	(19,494)
Depreciation and amortisation		(3,818)	(2,981)	(7,569)	(5,853)
Operating lease charges		(1,730)	(1,646)	(3,439)	(3,259)
Exchange differences, net		(710)	(1,887)	(3,640)	(3,599)
Other expenses		(10,029)	(9,205)	(15,718)	(15,905)
Profit from operating activities		17,618	18,730	31,428	29,132
Finance costs		(2,258)	(3,256)	(5,202)	(6,130)
Profit before income tax	3	15,360	15,474	26,226	23,002
Income tax expense	4	(4,812)	(4,898)	(7,462)	(6,926)
Profit for the period		10,548	10,576	18,764	16,076



	Notes	(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		30 June		30 June	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
Other comprehensive income, including reclassification adjustments for the period					
Exchange (loss)/gain on translation of financial statements of foreign operations		(4,138)	5,697	393	10,127
Total comprehensive income for the period		6,410	16,273	19,157	26,203
Profit for the period attributable to:					
Owners of the Company		10,558	10,586	18,793	16,102
Non-controlling interests		(10)	(10)	(29)	(26)
		10,548	10,576	18,764	16,076
Total comprehensive income attributable to:					
Owners of the Company		6,439	16,257	19,209	26,187
Non-controlling interests		(29)	16	(52)	16
		6,410	16,273	19,157	26,203
Earnings per share attributable to the owners of the Company for the period					
Basic (HK\$ cents)	5	2.22	2.22	3.95	3.38
Diluted (HK\$ cents)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		79,662	80,434
Leasehold lands		4,776	4,767
Prepaid rental expenses		36,764	36,480
Non-current receivables	6	21	21
		121,223	121,702
Current assets			
Inventories		29,569	30,647
Trade receivables	7	84,144	93,347
Prepayment, deposits and other current assets	8	340,129	243,646
Due from a director		25	26
Pledged deposits		23,819	23,902
Cash and cash equivalents		19,813	54,904
		497,499	446,472
Current liabilities			
Trade payables	9	15,852	15,646
Accruals and other payables		89,832	83,365
Pension and other employee obligations		36	29
Bills payables		74,895	42,638
Borrowings		65,146	72,478
Due to related companies		303	297
Due to directors		37,305	34,765
Tax payable		14,311	14,978
		297,680	264,196



	Notes	(Unaudited) As at 30 June 2012 <i>HK\$'000</i>	(Audited) As at 31 December 2011 <i>HK\$'000</i>
Net current assets		199,819	182,276
Total assets less current liabilities		321,042	303,978
Non-current liabilities			
Borrowings		8,027	7,120
Deferred tax liabilities		1,272	1,272
		9,299	8,392
Net assets		311,743	295,586
EQUITY			
Equity attributable to Company's owners			
Share capital		47,630	47,630
Reserves		262,130	245,921
		309,760	293,551
Non-controlling interests		1,983	2,035
Total equity		311,743	295,586

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2011 and 2012

	Equity attributable to owners of the Company								
	Issued capital HK\$'000 (Restated)	Share premium* HK\$'000 (Restated)	Capital reserve* HK\$'000 (Restated)	Translation reserve* HK\$'000 (Restated)	Retained profits* HK\$'000 (Restated)	Proposed final dividend* HK\$'000	Total HK\$'000 (Restated)	Non- controlling interests HK\$'000 (Restated)	Total Equity HK\$'000 (Restated)
As at 1 January 2011	47,630	29,522	8,623	20,247	149,991	-	256,013	1,989	258,002
Profit for the period	-	-	-	-	16,102	-	16,102	(26)	16,076
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	10,085	-	-	10,085	42	10,127
Total comprehensive income for the period	-	-	-	10,085	16,102	-	26,187	16	26,203
As at 30 June 2011	47,630	29,522	8,623	30,332	166,093	-	282,200	2,005	284,205
As at 1 January 2012	47,630	29,522	8,623	28,331	176,445	3,000	293,551	2,035	295,586
Profit for the period	-	-	-	-	18,793	-	18,793	(29)	18,764
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	416	-	-	416	(23)	393
Total comprehensive income for the period	-	-	-	416	18,793	-	19,209	(52)	19,157
2011 final dividend paid	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
As at 30 June 2012	47,630	29,522	8,623	28,747	195,238	-	309,760	1,983	311,743

* These reserves accounts comprise the consolidated reserves of HK\$262,130,000 (as at 31 December 2011: HK\$245,921,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	(Unaudited) Six months ended 30 June 2012 HK\$'000	(Unaudited) Six months ended 30 June 2011 HK\$'000 (Restated)
Net cash used in operating activities	(20,881)	(59,594)
Net cash used in investing activities	(9,819)	(5,041)
Net cash used in financing activities	(10,630)	(3,451)
Net decrease in cash and cash equivalents	(41,330)	(68,086)
Translation adjustment	6,239	2,424
Cash and cash equivalents, at beginning of period	54,904	77,308
Cash and cash equivalents, at end of period	19,813	11,646
Analysis of balances of cash and cash equivalents		
Cash and bank balances	19,813	12,280
Bank overdrafts	–	(634)
	19,813	11,646

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.

(a) Statement of compliance

The unaudited condensed consolidated financial results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standard (“HKASs”) and Interpretation (hereinafter collectively referred to as “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) 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 2011.

(b) Functional and presentation currency

Change of presentation currency

The functional currency of the Company is Hong Kong Dollars (“HK\$”). In previous years, the consolidated financial statements were presented in Singapore Dollars (“S\$”). From 2011 onwards, the directors decided to present the consolidated financial statements in HK\$ with a view to provide more relevant information about the performance of the Group.

The comparative figures have been restated to conform with the revised presentation.

2. REVENUE

Revenue of the Group is recognised by category as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Revenue				
Sales of motor vehicles	48,636	20,583	48,636	41,179
Technical fee income	6,769	11,182	12,770	20,615
Servicing of motor vehicles and sales of auto parts	54,616	49,931	109,137	87,318
	110,021	81,696	170,543	149,112
Other income				
Rental income – sublease	4,055	3,671	8,737	7,666
Interest income on financial assets stated at amortised cost	132	78	275	136
Warranty claims	7,406	8,907	15,077	16,659
Other income	3,991	3,584	7,300	8,223
	15,584	16,240	31,389	32,684

Segment Information – Group

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

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

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm length prices.

(a) Segment results

	(Unaudited)			
	Six months ended 30 June 2012			
	Activity 1	Activity 2	Activity 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
From external customers	61,406	109,137	–	170,543
From other segments	–	–	1,945	1,945
Reportable segment revenue	61,406	109,137	1,945	172,488
Reportable segment profit	5,110	26,264	1,945	33,319
Bank interest income	44	231	–	275
Depreciation and amortisation of non-financial assets	(597)	(2,933)	–	(3,530)
Write down of inventories to net realizable value	(543)	–	–	(543)
Gain on disposal of property, plant and equipment	–	–	343	343



(Unaudited)				
Six months ended 30 June 2011				
	Activity 1	Activity 2	Activity 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)	(Restated)	(Restated)	(Restated)
Revenue				
From external customers	61,794	87,318	–	149,112
From other segments	–	–	1,638	1,638
Reportable segment revenue	61,794	87,318	1,638	150,750
Reportable segment profit	13,338	15,291	1,638	30,267
Bank interest income	56	80	–	136
Depreciation and amortisation of non-financial assets	(601)	(1,949)	–	(2,550)
Write down of inventories to net realizable value	(563)	–	–	(563)
Gain on disposal of property, plant and equipment	–	–	203	203

(b) Segment assets and liabilities

(Unaudited)				
Six months ended 30 June 2012				
	Activity 1	Activity 2	Activity 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	171,415	357,090	–	528,505
Addition to non-current segment assets during the period	–	730	–	730
Reportable segment liabilities	83,199	92,202	7,142	182,543

(Audited)				
Twelve months ended 31 December 2011				
	Activity 1	Activity 2	Activity 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	152,720	293,045	–	445,765
Addition to non-current segment assets during the year	–	9,535	–	9,535
Reportable segment liabilities	49,976	99,272	9,535	158,783

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	(Unaudited) Six months ended 30 June 2012 <i>HK\$'000</i>	(Unaudited) Six months ended 30 June 2011 <i>HK\$'000</i> (Restated)
Reportable segment revenues	172,488	150,750
Elimination of inter segment revenues	(1,945)	(1,638)
Group revenues	170,543	149,112
Reportable segment profit	33,319	30,267
Other income	7,300	8,223
Rental income	8,737	7,672
Unallocated corporate expenses	(15,983)	(15,392)
Finance costs	(5,202)	(6,130)
Elimination of inter segment profits	(1,945)	(1,638)
Profit before income tax	26,226	23,002
	(Unaudited) Six months ended 30 June 2012 <i>HK\$'000</i>	(Audited) Twelve months ended 31 December 2011 <i>HK\$'000</i>
Reportable segment assets	528,505	445,765
Non-current corporate assets	25,907	23,812
Current corporate assets	64,310	98,597
Group assets	618,722	568,174
Reportable segment liabilities	182,543	158,783
Non-current corporate liabilities	8,027	7,040
Current corporate liabilities	116,409	106,765
Group liabilities	306,979	272,588



(c) Geographical segments

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	(Unaudited) Six months ended 30 June 2012 HK\$'000	(Unaudited) Six months ended 30 June 2011 HK\$'000 (Restated)	(Unaudited) Six months ended 30 June 2012 HK\$'000	(Audited) Twelve months ended 31 December 2011 HK\$'000
Singapore (domicile)	-	-	995	1,056
The PRC	170,543	149,112	94,343	96,856
Hong Kong	-	-	25,885	23,790
	170,543	149,112	121,223	121,702

The place of domicile is determined based on the location of central management.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

3. PROFIT BEFORE INCOME TAX

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (Restated)	2012 HK\$'000	2011 HK\$'000 (Restated)
(a) Finance costs on financial liabilities stated at amortised cost				
Interest charges on bank loans, overdrafts and other borrowings wholly repayable within five years	2,089	3,098	4,859	5,814
Interest element of finance lease rental payments	169	158	343	316
	2,258	3,256	5,202	6,130
(b) Employee benefits expenses (including directors' emoluments)				
Salaries and wages	13,588	10,731	18,536	15,628
Other benefits	1,510	2,515	2,373	3,561
Pension costs – defined contribution plans	128	132	302	305
	15,226	13,378	21,211	19,494
(c) Other items				
Depreciation of property, plant and equipment*	3,584	2,725	7,098	5,363
Gain on disposal of fixed assets	(343)	(100)	(343)	(203)
Amortisation of prepaid rental expenses	234	256	471	490
Annual charges of prepaid operating land lease payments	1,730	1,646	3,439	3,259

* Amount included depreciation charge of HK\$2,782,000 (2011: HK\$1,900,000 as restated) for the Group's asset held under finance leases.

4. INCOME TAX EXPENSE

The charge comprises:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (Restated)	2012 HK\$'000	2011 HK\$'000 (Restated)
Current – Hong Kong				
Charge for the period				
Over-provision in prior period	768	876	1,198	1,852
	–	–	–	(461)
Current – Overseas				
Charge for the period	4,044	4,022	6,264	5,535
Total income tax expense	4,812	4,898	7,462	6,926

Hong Kong profits tax has been provided at the rate of 16.5% (2011:16.5%) 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 period 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 (2011: Nil).

5. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to the owners of the Company for the three months ended 30 June 2012 of approximately HK\$10,558,000 (2011: HK\$10,586,000) and on the weighted average number of 476,300,000 (2011: 476,300,000) ordinary shares in issue during the three months ended 30 June 2012.

Diluted earnings per share for the three months ended 30 June 2012 and 2011 were not presented as there were no dilutive potential ordinary shares during the three months ended 30 June 2012 and 2011 respectively.

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to the owners of the Company for the six months ended 30 June 2012 of approximately HK\$18,793,000 (2011: HK\$16,102,000) and on the weighted average number of 476,300,000 (2011: 476,300,000) ordinary shares in issue during the six months ended 30 June 2012.

Diluted earnings per share for the six months ended 30 June 2012 and 2011 were not presented as there were no dilutive potential ordinary shares during the six months ended 30 June 2012 and 2011 respectively.

6. NON-CURRENT RECEIVABLES

	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
Advances to NAGC Group*	490	491
Advances to Zhong Bao Group**	218,743	133,518
	219,233	134,009
Portion classified as current asset (note 8)	(219,212)	(133,988)
Non-current portion	21	21

* 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”)

7. TRADE RECEIVABLES

The credit periods of the Group usually range from 3 to 9 months. The aging analysis of trade receivables is as follows:

	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
0 – 90 days	47,747	39,044
91 – 180 days	8,012	30,143
181 – 365 days	23,902	8,738
Over 1 year	7,937	18,816
	87,598	96,741
Less: allowance for impairment of receivables	(3,454)	(3,394)
	84,144	93,347



8. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
Current portion of non-current receivables (note 6)	219,212	133,988
Current portion of prepaid rental expenses	933	914
Other prepayments and current assets	57,907	57,069
Deposit paid	62,077	51,675
	340,129	243,646

9. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
0 – 30 days	6,776	6,001
31 – 180 days	2,703	3,171
181 – 365 days	842	230
1 to 2 years	2,316	2,664
Over 2 years	3,215	3,580
	15,852	15,646

10. COMMITMENTS

a. Operating lease commitments

As lessee:

As at 30 June 2012, the Group had total future minimum lease payment under non-cancellable operating leases, which are payable as follows:

	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
Within one year	1,867	1,084
After one year but within five years	822	617
	2,689	1,701

b. Contingent liabilities

As at 30 June 2012, contingent liabilities of the Group not provided for are analysed as follows:

	Notes	(Unaudited) As at 30 June 2012 HK\$'000	(Audited) As at 31 December 2011 HK\$'000
Guarantee for bank loans to NAGC Group:	(1)	21,717	21,750
Guarantees for bank loans to Zhong Bao Group:	(2)	253,760	256,672
		275,477	278,422

Notes:

- (1) The Group's fixed deposits of approximately HK\$8,978,000 (2011: HK\$8,983,000) are pledged to secure these banking facilities at the end of the reporting date.
- (2) Leasehold lands and buildings of approximately of HK\$4,776,000 (2011: HK\$4,767,000) and HK\$819,000 (2011: HK\$810,000) respectively are pledged to bank to secure banking facilities up to approximately HK\$253,760,000 (2011: HK\$256,672,000) granted to Zhong Bao Group at the end of the reporting date.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2012, an increase of revenue was recorded. The revenue of the Group has increased by 14.4%, while the gross profit margin for the Group has slightly increased from 29.9% to 30.3%. The increase in sales of motor vehicles and servicing of motor vehicles and sales of auto parts mainly attributed to the overall increase in total revenue, despite there was a decrease in technical fee income.

1. Sales of motor vehicles

Revenue generated from the sales of motor vehicles for the Interim Period was approximately HK\$48,636,000, representing an increase of approximately 18.1% as compared to the corresponding period in 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 represent 28.5% of the total revenue.

2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts has continuously increased during the Interim Period and increased by approximately 25% to HK\$109,137,000 as compared to the corresponding period in 2011. The increase was due to the continuous demand of after sales support for luxurious vehicles, supplemented by the precious service of the Group's 4S servicing centers in China.

3. Technical fee income

The Group received technical fee income from Zhong Bao Group for providing management consulting and technical assistance for its purchase for the locally assembled BMW vehicles. Technical fee income for the six months ended 30 June 2012 was approximately HK\$12,770,000, decreased by approximately 38.1% as compared to the corresponding period in 2011. The decrease was mainly due to the decrease in the corresponding car sales of locally assembled BMW sold by Zhong Bao Group during the period, as well as the rate of technical fee income charged to Zhong Bao Group has reduced by 20% during the Interim Period.

4. Car rental business

The operation of car rental business in Hong Kong for the six months ended 30 June 2012 was approximately HK\$8,737,000, representing an increase of 14% as compared to the corresponding period in 2011.

PROSPECTS

The general economy of China now sees a cooling down after the strong growth in previous years. However, the demand from the super-rich sector is still strong and is still far from saturation. The growth of quantity demand of deluxe cars is still sustaining though a general reduction in selling price occurs across the market when fiscal policies in controlling the number of automobile in China varies from time to time.

Business of the RUF series has commenced during the period and is expecting to contribute to the group profit in the second half of the year. While prestigious car is playing an important role in the China market of luxury commodities, the related after sales services and supplementary auto parts contribute further to the group profit.

The Group is cautiously optimistic about the continuous growth of our market at the second half of this year under such volatile market conditions and global economy.

Besides devoting our effort in the sales of automobiles in China, the Group will also explore further the car rental business with its customers so as to enhance the stability, profitability and cashflow of the local business operations.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the six months ended 30 June 2012 has increased by approximately 14.4% from HK\$149,112,000 in the corresponding period in 2011 to HK\$170,543,000. Revenue from servicing of motor vehicles and sales of auto parts attributed to approximately 64% of the total revenue. While the sales of motor vehicles also recorded an increase of 18.1% compared to the corresponding period in 2011. However, there has a decrease in technical fee income recorded due to the slowdown in the PRC market. While revenue generated from the car rental sector also recorded satisfactory increases.

Gross Profit

The gross profit for the Interim Period was approximately HK\$51,616,000, an increase of approximately 15.8% as compared to the corresponding period in 2011. The increase in gross profit was mainly due to increased revenue generated from the segment of sales and servicing of motor vehicles. The gross profit margin for the Interim Period has slightly increased by approximately 0.4% from 29.9% in the corresponding period in 2011 to 30.3% in the Interim Period in 2012.



Exchange Loss

For the Interim Period, the exchange loss of the Group amounted to approximately HK\$3,640,000; whereas exchange loss amounted to approximately HK\$3,599,000 was recorded for the corresponding period in 2011. The exchange loss was mainly resulted from the translation of accounts receivables, accounts payables and inter-company balances from Renminbi, Singapore and US dollars to Hong Kong 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 HK\$15,718,000 (2011: HK\$15,905,000), representing a slightly decrease of approximately 1.2%, this was due to less advertising and promotional expenses were incurred during the Interim Period.

Profit Attributable to Owners of the Company

The profit attributed to owners of the Company for the Interim Period amounted to approximately HK\$18,793,000 representing an increase of approximately 16.7% as compared to the corresponding period in 2011.

Financial Resources and Liquidity

As at 30 June 2012, shareholders' fund of the Group amounted to approximately HK\$311,743,000 (31 December 2011: HK\$295,586,000). Current assets amounted to approximately HK\$497,499,000 (31 December 2011: HK\$446,472,000). Of which, approximately HK\$43,632,000 (31 December 2011: HK\$78,806,000) were cash and bank deposits. Current liabilities, amounted to approximately HK\$297,680,000 (31 December 2011: HK\$264,196,000), were mainly the trade payables, bills payables, bank loans, accruals and other payables, and obligations under finance leases. The Group had non-current liabilities amounted to approximately HK\$9,299,000 (31 December 2011: HK\$8,392,000). The net asset value per share as at 30 June 2012 was approximately HK\$0.655 (31 December 2011: HK\$0.621).

Gearing Ratio

The Group expresses its gearing ratio as net debt divided by total capital. Net debt is calculated as total borrowings (including bills payable, short-term borrowings and long-term borrowings, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position, plus net debt. As at 30 June 2012, the gearing ratio of the Group was 0.29 (31 December 2011: 0.19).

Contingent Liabilities

The Group has provided a bank guarantee to a bank in respect of banking facilities to a related company of NAGC, amounting to USD2,800,000, which is equivalent to approximately HK\$21,717,000 as at 30 June 2012 and approximately HK\$21,750,000 as at 31 December 2011. The Group has also provided bank guarantees in respect of banking facilities to Zhong Bao Group, amounting to RMB208,000,000, which is equivalent to approximately HK\$253,760,000 as at 30 June 2012 and approximately HK\$256,672,000 as at 31 December 2011.

Charges on Group Assets

As at 30 June 2012, the Group pledged time deposits of approximately HK\$23,819,000 (31 December 2011: HK\$23,902,000) to several banks for banking facilities for the Group and a related company of North Anhua Group Corporation (“NAGC”). Leasehold lands and buildings of approximately HK\$4,776,000 (31 December 2011: HK\$4,767,000) and HK\$819,000 (31 December 2011: HK\$810,000) respectively are pledged to bank to secure banking facilities up to approximately HK\$253,760,000 (31 December 2011: HK\$256,672,000) granted to Zhong Bao Group at the period end date.

Employee Information

As at 30 June 2012, the total number of employee of the Group was approximately 436 (2011: 402). For the Interim Period, the staff costs including directors’ remuneration of the Group amounted to approximately 12.4% of the revenue of the Group and was approximately HK\$21,211,000, increased by 8.8% as compared to the corresponding period in 2011. 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 HK\$302,000 (2011: HK\$305,000) in aggregate.

Capital Structure of the Group in Debt Securities

During the Interim Period and the corresponding period in 2011, 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 2011, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Material Investments or Capital Assets

As at 30 June 2012, the Group had no future plans for material investment and purchase of capital assets.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

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

As at 30 June 2012, 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 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 (Note 2)	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 SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Big Reap International Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 June 2012, 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 June 2012, 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	Beneficial owner and 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 Him 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 Him 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 the SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.
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 June 2012, 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 six months ended 30 June 2012, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the six months ended 30 June 2012, 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

As defined in GEM Rule 17.14, "relevant advance to an entity" means the aggregate of amounts due from and all guarantees given on behalf of (i) an entity; (ii) the entity's controlling shareholder; (iii) the entity's subsidiaries; (iv) the entity's affiliated companies; and (v) any other entity with the same controlling shareholder.

Pursuant to the Rules 17.16 and 17.18, a disclosure obligation arises where the increment of relevant 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 June 2012, the Company's total assets were approximately HK\$618,722,000.



	(Unaudited) As at 30 June 2012 HK\$'000	Assets Ratio (%)	(Unaudited) As at 31 March 2012 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantee to NAGC	21,717	3.5%	21,741	N/A
Guarantees to Zhong Bao Group*	253,760	41.0%	256,256	N/A
	275,477	44.5%	277,997	

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

Guarantee to NAGC

Guarantee in the amount of approximately HK\$21,717,000 (as at 31 March 2012: HK\$21,741,000) 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.

Guarantees to Zhong Bao Group

Guarantees in the amount of approximately HK\$253,760,000 (as at 31 March 2012: HK\$256,256,000) 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 41% of Group's Assets Ratio.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2012, 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 2011.

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, Miss Song Qi Hong and Mr. Wong Jacob. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and the internal control procedures of the Group. The Audit Committee has received the interim 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 August 2012.

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

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

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Loh Nee Peng, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim and Mr. Yeung Chak Sang Johnson. Independent non-executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung, Miss Song Qi Hong and Mr. Wong Jacob.

By Order of the Board
G.A. Holdings Limited
Loh Nee Peng
Executive Deputy Chairman

Hong Kong, 14 August 2012