

## **THE STOCK EXCHANGE OF HONG KONG LIMITED**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

29 March 2006

**The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) censures G. A. Holdings Limited (the “Company”) and Mr Chan Hing Ka Anthony, Chairman and an executive director of the Company (“Mr Chan”); and criticises Mr Loh Nee Peng, an executive director of the Company (“Mr Loh”) and Mr Xu Ming, an executive director of the Company (“Mr Xu”) in relation to the delayed disclosure of relevant advances to entities under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).**

**The GEM Listing Committee further criticises the Company, Mr Chan, Mr Loh and Mr Xu in relation to the late publication of financial results under the GEM Listing Rules.**

On 10 January 2006, the GEM Listing Committee conducted a hearing into the conduct of the Company, Mr Chan, Mr Loh and Mr Xu (collectively, the “Relevant Directors”) in relation to the obligations under Rules 17.15, 17.16, 17.17, 17.18, 18.03, 18.48A, 18.49, 18.50C, 18.66, 18.67 and 18.79 of the GEM Listing Rules and the Undertaking given by each of the Relevant Directors to the Exchange in the form set out in Appendix 6A to the GEM Listing Rules (the “Director’s Undertaking”).

### **Case A - Late Publication of Financial Results**

The Company was required under:

- Rules 18.03, 18.48A, 18.49 and 18.50C of the GEM Listing Rules to publish its annual results and despatch its annual report within 3 months of its financial year end; and
- Rules 18.66, 18.67 and 18.79 of the GEM Listing Rules to publish its quarterly results and despatch its quarterly report within 45 days after the end of its first 3 and 9 month periods of each financial year.

The annual results and the annual report of the Company for the year ended 31 December 2003 should have been published and despatched on or before 31 March 2004. However, they were not published and despatched until 16 June 2004 and 23 June 2004 respectively. In addition, the quarterly results and the quarterly report for the three months ended 31 March 2004 should have been published and despatched on or before 15 May 2004. However, they were not published and despatched until 28 June 2004 and 5 July 2004 respectively.

The Listing Division alleged that the Company breached Rules 18.03, 18.48A, 18.49, 18.50C, 18.66, 18.67 and 18.79 of the GEM Listing Rules. The Company admitted breaching the said provisions of the GEM Listing Rules.

### **Case B - Delayed Disclosure of Relevant Advances to Entities**

The Company was required under:

- Rules 17.15 and 17.18 of the GEM Listing Rules to disclose: (i) the relevant advance to an entity by the group; (ii) the financial assistance extended by the group to affiliated companies; and (iii) guarantees given by the group in respect of facilities granted to affiliated companies where any of the percentage ratios exceeded 8 per cent;
- Rule 17.16 of the GEM Listing Rules to disclose where the relevant advance to an entity increases from that previously disclosed and any of the percentage ratios for the amount of the increase since the previous disclosure was 3 per cent or more; and
- Rules 17.17 and 17.18 of the GEM Listing Rules to disclose the relevant advance and financial assistance by announcement immediately after the disclosure obligation arose.

The Listing Division alleged that the Company breached Rules 17.15, 17.16, 17.17 and 17.18 of the GEM Listing Rules in respect of Incidents 1, 2 and 3:

#### Incident 1

By an announcement dated 24 June 2004, the Company disclosed the following advances and trade receivables as at 31 March 2004: (a) the total advances, guarantees, and trade receivables (including certain financial assistance) provided to and due from North Anhua Group Corporation and its subsidiaries and its affiliated companies (“NAGC Group”) in the sum of about HK\$130 million which represented approximately 235 per cent of the Group’s market capitalisation and approximately 34 per cent of the unaudited total assets value of the Group; and (b) the trade receivables from 10 other companies (none of them being an affiliated company of the Group as defined under the GEM Listing Rules, nor subsidiaries or substantial shareholders of the NAGC Group or its associates) ranging from 12 per cent to 30 per cent of the Group’s market capitalisation.

#### Incident 2

By an announcement dated 16 August 2004, the Company disclosed advances and trade receivables from the Group to five entities ranging from 10 per cent up to 71 per cent of the Group’s market capitalisation as at 30 June 2004, and in aggregate amounted to about HK\$52.8 million.

### Incident 3

By an announcement dated 28 February 2005, the Company disclosed that the Group's advance to Xiamen Zhongbao Auto Co., Ltd. as at 31 December 2004 had increased to approximately HK\$55.657 million from HK\$17.865 million as at 31 October 2004 as previously disclosed. The increment represented 134 per cent of the Group's market capitalisation.

As a result, disclosure obligations arose on 31 March 2004, 30 June 2004 and 31 December 2004 in respect of Incidents 1, 2 and 3 respectively. However, the Company had failed to make the requisite announcements immediately after such obligations arose. The Company admitted breaching the said provisions of the GEM Listing Rules.

### **Decision**

The GEM Listing Committee concluded that:

- (i) the Company breached Rules 18.03, 18.48A, 18.49, 18.50C, 18.66, 18.67 and 18.79 of the GEM Listing Rules in respect of Case A;
- (ii) the Company breached Rules 17.15, 17.16, 17.17 and 17.18 of the GEM Listing Rules in respect of Incidents 1, 2 and 3 of Case B; and
- (iii) each of Mr Chan, Mr Loh and Mr Xu breached the Director's Undertaking for failing to use his best endeavours to procure that the Company complied with the GEM Listing Rules in respect of Cases A and B.

The GEM Listing Committee decided to impose the following sanctions on the parties:

- in respect of Case A, a public statement which involves criticism on the Company, Mr Chan, Mr Loh and Mr Xu for their respective breaches mentioned in (i) and (iii); and
- in respect of Case B, a public censure on the Company and Mr Chan and a public statement which involves criticism on Mr Loh and Mr Xu for their respective breaches mentioned in (ii) and (iii) above.

Richard Williams, Head of Listing, commented that: "The Committee has on a number of occasions been obliged to take disciplinary action in order to stress the importance of the timely publication of the financial statements of a listed company. The rules governing the timing of an issuer's periodic financial results are clear and set out specific and unambiguous timeframes within which this objective must be achieved. The Exchange has consistently taken and will continue to take disciplinary action against issuers who fail to comply with this basic disclosure obligation."