



# G. A. Holdings Limited G. A. 控股有限公司

(incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong under the trading name of German Automobiles International Limited)

(Stock Code: 8126)



## Third Quarterly Report **2015**





## 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 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.

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*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.*

The board of directors (the “Board”) of G.A. Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2015.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2015

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2015 HK\$'000	2014 HK\$'000 (Restated)	2015 HK\$'000	2014 HK\$'000 (Restated)
Revenue	2	131,951	108,483	378,228	294,678
Other income	2	14,266	12,032	88,901	35,080
Changes in inventories Auto parts and accessories used, and motor vehicles purchased		5,608 (79,925)	9,339 (66,352)	(19,763) (202,341)	34,917 (189,235)
Employee benefit expenses		(13,758)	(14,289)	(42,034)	(42,989)
Depreciation and amortisation		(6,215)	(4,627)	(18,888)	(13,839)
Operating lease charges		(4,850)	(6,357)	(14,814)	(14,601)
Exchange differences, net		(2,748)	(2,592)	(4,142)	(2,420)
Impairment loss on goodwill		–	–	(3,750)	–
Other expenses		(19,844)	(19,877)	(51,447)	(44,924)
<b>Profit from operating activities</b>		<b>24,485</b>	<b>15,760</b>	<b>109,950</b>	<b>56,667</b>
Finance costs		(1,719)	(2,528)	(5,772)	(6,760)
<b>Profit before income tax</b>		<b>22,766</b>	<b>13,232</b>	<b>104,178</b>	<b>49,907</b>
Income tax expense	3	(6,940)	(7,500)	(18,799)	(16,910)
<b>Profit for the period</b>		<b>15,826</b>	<b>5,732</b>	<b>85,379</b>	<b>32,997</b>



	Note	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2015 HK\$'000	2014 HK\$'000 (Restated)	2015 HK\$'000	2014 HK\$'000 (Restated)
Other comprehensive income, item that may be reclassified subsequently to profit or loss:					
Exchange (loss)/gain on translation of financial statements of foreign operations		(18,070)	3,780	(31,295)	(6,859)
<b>Total comprehensive income for the period</b>		<b>(2,244)</b>	<b>9,512</b>	<b>54,084</b>	<b>26,138</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		18,065	8,098	92,601	37,609
Non-controlling interests		(2,239)	(2,366)	(7,222)	(4,612)
		<b>15,826</b>	<b>5,732</b>	<b>85,379</b>	<b>32,997</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		815	11,603	62,138	31,254
Non-controlling interests		(3,059)	(2,091)	(8,054)	(5,116)
		<b>(2,244)</b>	<b>9,512</b>	<b>54,084</b>	<b>26,138</b>
<b>Earnings per share</b>	<b>4</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
Basic and diluted		3.79	1.70	19.44	7.90

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the nine months ended 30 September 2015 (unaudited)								
As at 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit for the period	-	-	-	-	92,601	92,601	(7,222)	85,379
Other comprehensive income								
Translation difference	-	-	-	(30,463)	-	(30,463)	(832)	(31,295)
Total comprehensive income for the period	-	-	-	(30,463)	92,601	62,138	(8,054)	54,084
As at 30 September 2015	47,630	29,522	8,623	7,864	434,727	528,366	18,308	546,674
For the nine months ended 30 September 2014 (unaudited)								
As at 1 January 2014	47,630	29,522	8,623	44,351	285,924	416,050	32,503	448,553
Profit for the period	-	-	-	-	37,609	37,609	(4,612)	32,997
Other comprehensive income								
Translation difference	-	-	-	(6,355)	-	(6,355)	(504)	(6,859)
Total comprehensive income for the period	-	-	-	(6,355)	37,609	31,254	(5,116)	26,138
As at 30 September 2014	47,630	29,522	8,623	37,996	323,533	447,304	27,387	474,691



Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is an investment holding company. The Group is principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

These unaudited condensed consolidated financial statements were authorised for issue by the Company's Board on 13 November 2015.

### (a) Statement of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the unaudited condensed 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").

In preparing the unaudited consolidated financial statements, management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies, the key sources of estimation uncertainty, and, except for described below, the accounting policies adopted for the preparation of these unaudited consolidated statements of the Group are consistent with those applied to the consolidated financial statements as at and for the year ended 31 December 2014.

### (b) Adoption of new or revised Hong Kong Financial Reporting Standards

The Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2015.

The adoption of these new and revised HKFRSs has no significant impact on the Group's unaudited condensed consolidated financial statements.

The Group has not early adopted those new or revised HKFRSs that have been issued by HKICPA but are not yet effective.

**(c) Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is the same as the functional currency of the Company.

**(d) Restatement**

During the year ended 31 December 2014, the management reviewed the nature of the Group’s income – warranty claims and decided to classify such income as revenue. Previously such income was included as other income. Warranty claims represent income generated from servicing of motor vehicles which are ordinary activities of the Group and accordingly, it is more appropriate to classify such income as revenue under “servicing of motor vehicles and sales of auto parts”. As a result, warranty claims income for the three months and nine months ended 30 September 2014 amounting to HK\$16,073,000 and HK\$42,882,000 respectively have been reclassified from other income to revenue in the comparatives of the condensed consolidated statement of profit or loss and other comprehensive income. The restatement has no financial impact to the net profit and total comprehensive income for the previous period.

	(Unaudited) As previously stated <i>HK\$'000</i>	(Unaudited) Reclassification <i>HK\$'000</i>	(Unaudited) As restated <i>HK\$'000</i>
<b>Three months ended 30 September 2014</b>			
Revenue	92,410	16,073	108,483
Other income	28,105	(16,073)	12,032
<b>Nine months ended 30 September 2014</b>			
Revenue	251,796	42,882	294,678
Other income	77,962	(42,882)	35,080



## 2. REVENUE AND OTHER INCOME

The Group recognised revenue by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2015 HK\$'000	2014 HK\$'000 (Restated)	2015 HK\$'000	2014 HK\$'000 (Restated)
<b>Revenue</b>				
Sales of motor vehicles	32,189	14,123	89,599	17,308
Technical fee income	6,721	7,359	20,748	19,542
Servicing of motor vehicles and sales of auto parts	93,041	87,001	267,881	257,828
	<b>131,951</b>	<b>108,483</b>	<b>378,228</b>	<b>294,678</b>
<b>Other income</b>				
Car rental income	6,874	6,001	20,186	17,584
Interest income on financial assets stated at amortised cost	114	168	607	486
Waiver of interest payable (Note)	–	–	45,626	–
Commission income	6,650	4,001	14,975	11,694
Financial guarantee income	236	423	4,006	1,616
Others	392	1,439	3,501	3,700
	<b>14,266</b>	<b>12,032</b>	<b>88,901</b>	<b>35,080</b>

*Note:*

According to the settlement agreement signed by a bank and the Group in 2014, upon the full repayment of the long outstanding principal debt due by the Group by the end of March 2015, the bank agrees to waive the balance of the interests incurred for the principal debt and legal cost incurred. Accordingly, income arising from waiver of interest payable of HK\$45,626,000 (nine months ended 30 September 2014: Nil) was recognised during the nine months ended 30 September 2015.

### 3. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Current – Hong Kong</b>				
Charge for the period	411	685	1,696	1,379
Under-provision in prior year	–	830	–	830
<b>Current – Overseas</b>				
Charge for the period	6,529	5,985	17,103	14,701
	<b>6,940</b>	<b>7,500</b>	<b>18,799</b>	<b>16,910</b>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits 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% (2014: 25%).

The income tax in respect of operations in Singapore is calculated at the rate of 17% (2014: 17%) on the estimated assessable profits for the period.

The Group has no material unprovided deferred taxation for the current or prior periods.



#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2015 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 September 2015 of HK\$18,065,000 (three months ended 30 September 2014: HK\$8,098,000) and on the weighted average number of 476,300,000 (three months ended 30 September 2014: 476,300,000) ordinary shares in issue during the three months ended 30 September 2015.

The calculation of basic earnings per share for the nine months ended 30 September 2015 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2015 of HK\$92,601,000 (nine months ended 30 September 2014: HK\$37,609,000) and on the weighted average number of 476,300,000 (nine months ended 30 September 2014: 476,300,000) ordinary shares in issue during nine months ended 30 September 2015.

Diluted earnings per share for the three months and nine months ended 30 September 2015 and 2014 are the same as the basic earnings per share as there was no dilutive potential ordinary share during the respective periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group has continued to maintain its market share and strategic position by staying at the luxury automotive sector in the Mainland China (the “PRC”). During the nine months ended 30 September 2015, the sales of motor vehicles has increased sharply following the operation of a dealership store for ultra-luxury automobile brands in mid of 2014. The Group also marked a satisfactory growth in both technical fee income and servicing of motor vehicles and sales of auto parts.

Besides, the Group recorded the total comprehensive income of HK\$54,084,000 for the nine months ended 30 September 2015 compared to HK\$26,138,000 in the corresponding period in 2014, representing an increase by 106.9%. The increase in total comprehensive income was mainly resulted from i) the increase in total revenue; ii) the waiver of interest payable of HK\$45,626,000 from a creditor; and offset with iii) impairments made on goodwill and inventories and iv) exchange difference on translation of financial statements of foreign operations during the current period.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2015, revenue generated from the sales of motor vehicles was HK\$89,599,000, representing 5 times of that of corresponding period in 2014. This is contributed by our dealership store in Fuzhou operated since mid of 2014.

#### 2. Technical fee income

The Group received technical fee income from Xiamen Zhong Bao Automobiles Co. Limited (“Xiamen Zhong Bao”) and certain of its subsidiaries and related companies, collectively referred to (the “Zhong Bao Group”) for providing management consulting and technical assistance for its purchase for the locally assembled BMW vehicles sold.

Technical fee income for the nine months ended 30 September 2015 was HK\$20,748,000, increased by 6.2% as compared to the corresponding period in 2014. The increase was mainly due to the corresponding increase in the car sales of locally assembled BMW sold by Zhong Bao Group during the period.



### 3. Servicing of motor vehicles and sales of auto parts

For the nine months ended 30 September 2015, the revenue generated from servicing of motor vehicles and sales of auto parts increased by 3.9% to HK\$267,881,000 as compared to the corresponding period in 2014. The increase was consistently due to the continuous demand of after sales support for luxurious vehicles, supplemented by the precious service of the Group's servicing centers in the PRC.

### 4. Car rental business

The operation of car rental business in Hong Kong for the nine months ended 30 September 2015 was HK\$20,186,000, representing an increase of 14.8% compared to the corresponding period in 2014.

## FINANCIAL REVIEW

### Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2015 increased by 28.4% from HK\$294,678,000 (restated) in the corresponding period in 2014 to HK\$378,228,000 in 2015. The increase was mainly attributable to the sharp increase in segment in sales of motor vehicles and satisfactory growths in both technical fee income and servicing of motor vehicles and sales of auto parts.

### Gross Profit

The gross profit for the nine months ended 30 September 2015 was HK\$156,124,000, represented an increase of 11.2% as compared to the corresponding period in 2014, while the gross profit margin for the current period decreased to 41.3% from 47.6% in the corresponding period in 2014. The decrease in gross profit margin was mainly resulted from the decreased contribution from the segment of servicing of motor vehicles and sale of auto parts, which is high profit-yielding, to total revenue during the current period.

### Depreciation and Amortisation

The depreciation and amortisation for the nine months ended 30 September 2015 increased by 36.5% from HK\$13,839,000 in the corresponding period in 2014 to HK\$18,888,000 in 2015. This is mainly attributable to the new offices and shops for the new dealership in the PRC.

## Foreign Exchange Exposure

For the nine months ended 30 September 2015, an exchange loss of HK\$4,142,000 was recorded, whereas an exchange loss for the corresponding period in 2014 was HK\$2,420,000. The exchange loss was the net result of the translation of accounts receivables, accounts payables and inter-company balances from Renminbi to Hong Kong dollars.

## Other Expenses

For the nine months ended 30 September 2015, other expenses were HK\$51,447,000, representing an increase of 14.5% as compared to the corresponding period in 2014. The increase was mainly due to i) increase in promotional and other marketing expenses in the PRC and ii) the impairment losses on inventories.

## Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2015 was HK\$92,601,000, representing an increase of 146.2% as compared to the corresponding period in 2014, amounted to HK\$37,609,000. The increase was a net result of i) waiver of interest payable of HK\$45,626,000 from a creditor; ii) the increased revenue and iii) impairments made on goodwill and inventories.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

## PROSPECTS

Despite the slowdown in economic growth and the expected tougher competition in the automobile market in the PRC, the Group recorded a steady growth in total revenue and satisfactory performance for the nine months ended 30 September 2015. Looking ahead, we believe that the China's automobile market will become more mature and consumption will be more rational which favor the after-sale and value-added service for automobile business. On the other hand, we are taking cautious measures on cost control for effective marketing and efficient operation with the sluggish sales market of ultra-luxury automobiles in the PRC. Nevertheless, as new models of smaller-size cars with enhanced features would be launched by the carmakers that the Group mainly served later this year, the increasing trend in sales of motor vehicles and after-sales service income will be resumed after some significant consolidation and adjustment in the market and the Group result is expected to be prudently optimistic this year.

The Group strive for growth through sustaining the developments of our core and car rental businesses as well as seeking dynamic expansion through acquisitions or joint ventures with existing business partners.



## DIRECTOR'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2015, the interests or short positions 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
		Family Interest	Corporate Interest		
Loh Boon Cha	Deemed interest	32,676,320 <i>(Note)</i>	45,284,000 <i>(Note)</i>	77,960,320	16.37%

#### *Note:*

Out of the 77,960,320 shares deemed to be interested by Mr. Loh Boon Cha, 45,284,000 shares are held by Loh & Loh Construction Group Ltd., which in turn is interested as to 21% by Mr. Loh Boon Cha, 15% by Mr. Loh Kim Her, and 64% by Mr. Loh Nee Peng. Out of the 77,960,320 shares deemed interested by Mr. Loh Boon Cha, 32,676,320 shares are held by Big Reap Investment Limited which in turn 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 Loh & Loh Construction Group Ltd. and Big Reap Investment Limited as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 September 2015, none of the Directors or their associates, has any interests or short positions 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 POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2015, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions 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 Nee Peng	Interest of a controlled corporation ( <i>Note 1</i> )	77,960,320	16.37%
Big Reap Investment Limited	Beneficial owner ( <i>Note 2</i> )	32,676,320	6.86%
Loh & Loh Construction Group Ltd.	Beneficial owner ( <i>Note 3</i> )	45,284,000	9.51%
Loh Kim Her	Interest of a controlled corporation ( <i>Note 4</i> )	53,284,000	11.19%
Tycoons Investment International Limited	Beneficial owner ( <i>Note 5</i> )	71,671,085	15.05%
Chan Hing Ka Anthony	Beneficial owner and Interest of a controlled corporation ( <i>Note 6</i> )	72,047,085	15.13%
Fang Zhen Chun	Beneficial owner	90,792,000	19.06%

### Notes:

1. The 77,960,320 shares are held as to 32,676,320 shares by Big Reap Investment Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 64%, 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 Investment Limited and Loh & Loh Construction Group Ltd.
2. Big Reap Investment Limited is 100% held by Mr. Loh Nee Peng.



3. Loh & Loh Construction Group Ltd. is held as to 15% by Mr. Loh Kim Her, as to 64% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha.
4. 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.
5. Tycoons Investment International Limited is 100% held by Mr. Chan Hing Ka Anthony.
6. The 72,047,085 shares held as to 71,671,085 shares by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony, and 376,000 shares held directly by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares by Tycoons Investment International Limited.

Save as disclosed above, as at 30 September 2015, the Directors are not aware of any other person or corporation having an interests or short positions 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 2015, none of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

For the year ended 31 December 2014, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to participants in the Share Option Scheme to contribute to the Group and enabling the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

During the nine months ended 30 September 2015, no option has been granted under the Share Option Scheme.

## ADVANCES TO ENTITIES

As defined in GEM Listing 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 shareholders.

Pursuant to the GEM Listing 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(1) of the GEM Listing Rules (the “Assets Ratio”).

As at 30 September 2015, the Company’s total assets were approximately HK\$867,409,000.

	(Unaudited) As at 30 September 2015 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2015 HK\$'000	Increment as compared to Assets Ratio
Guarantees to Zhong Bao Group (note)	207,060	23.9%	215,560	N/A

*Note:* Such amounts include the principal amount of the facilities granted by the banks to the Zhong Bao Group only.

The above guarantees were provided to banks in respect of banking facilities granted to Zhong Bao Group.

On 22 December 2014, Xiamen BMW Automobiles Service Co. Ltd (“Xiamen BMW”), a member of the Group, entered into a guarantee agreement (“Guarantee Agreement”) whereby Xiamen BMW will during the period from 1 January 2015 to 31 December 2015 guarantee Xiamen Zhong Bao’s banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB190 million (“Facilities Guarantees”). At the Company extraordinary general meeting (“EGM”) held on 13 January 2015, the Company obtained the Shareholders’ approval on the Facilities Guarantees and the entering into of the Guarantee Agreement.



Pursuant to the Guarantee Agreement, Xiamen BMW entered into a new facilities guarantee agreement following the EGM on 22 January 2015 whereby Xiamen BMW agree to provide a facility guarantee in favour of Bank of China Xiamen Branch, which includes the principal of RMB70 million, interest and fees of the borrowings of Xiamen Zhong Bao under the facility framework agreement between Xiamen Zhong Bao and Bank of China Xiamen Branch. On 2 June 2015, Xiamen BMW also entered into a new facilities guarantee agreement whereby Xiamen BMW agree to provide a facility guarantee in favour of China Minsheng Bank, which includes the principal of RMB50 million, interest and fees of the borrowings of Xiamen Zhong Bao under the facility framework agreement between Xiamen Zhong Bao and China Minsheng Bank.

Further details of the Guarantee Agreement and the Facilities Guarantees thereunder have been set out in the announcements of the Company dated 26 November, 22 December 2014, 23 January 2015 and 10 June 2015 and the circular of the Company dated 24 December 2014 respectively.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the nine months ended 30 September 2015, the Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 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 Directors' securities transactions.

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied with the Code Provision as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the period. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2014. Details of the deviation are set out in the annual consolidated financial statements for the year ended 31 December 2014.

## AUDIT COMMITTEE

Pursuant to Rule 5.28 and 5.33 of the GEM Listing Rules and Code Provision C.3.3., the Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Yin Bin and Ms. Song Qi Hong. Mr. Lee Kwok Yung is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly (a) to review the Group's annual financial statements, interim and quarterly financial statements; and (b) to review and supervise the financial reporting process and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board. The Audit Committee has received the 2015 third quarter results and provided comments.

These unaudited condensed consolidated financial statements have been reviewed and commented by the Audit Committee of the Company and were approved by the Board on 13 November 2015.

## 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 2015.

## DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim, Mr. Yeung Chak Sang and Mr. Zhang Xi. Independent Non-Executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung and Ms. Song Qi Hong.

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

Hong Kong, 13 November 2015