ANNUAL REPORT 2015

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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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 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, 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.

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Corporate Information

DIRECTORS

Mr. Loh Boon Cha *(Chairman)*
Mr. Choy Choong Yew *(Managing Director)*
Mr. Lin Ju Zheng
Mr. Zhang Xi
Mr. Ma Hang Kon, Louis
Ms. Song Qi Hong*
Mr. Yin Bin*
Mr. Zhou Ming*

* *Independent Non-Executive Directors*

AUDIT COMMITTEE

Mr. Zhou Ming *(Chairman)**
Mr. Yin Bin*
Ms. Song Qi Hong*

REMUNERATION COMMITTEE

Mr. Zhou Ming *(Chairman)**
Mr. Yin Bin*
Ms. Song Qi Hong*

NOMINATION COMMITTEE

Mr. Loh Boon Cha *(Chairman)*
Mr. Yin Bin*
Ms. Song Qi Hong*

COMPLIANCE OFFICER

Mr. Choy Choong Yew

AUTHORISED REPRESENTATIVES

Mr. Loh Boon Cha
Mr. Ma Hang Kon, Louis

COMPANY SECRETARY

Mr. Ma Hang Kon, Louis

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Bank of China Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE

51 Goldhill Plaza #15-05
Singapore 308900

PRINCIPAL PLACE OF BUSINESS

Unit 1203, 12th Floor, Eton Tower
No. 8 Hysan Avenue
Causeway Bay, Hong Kong

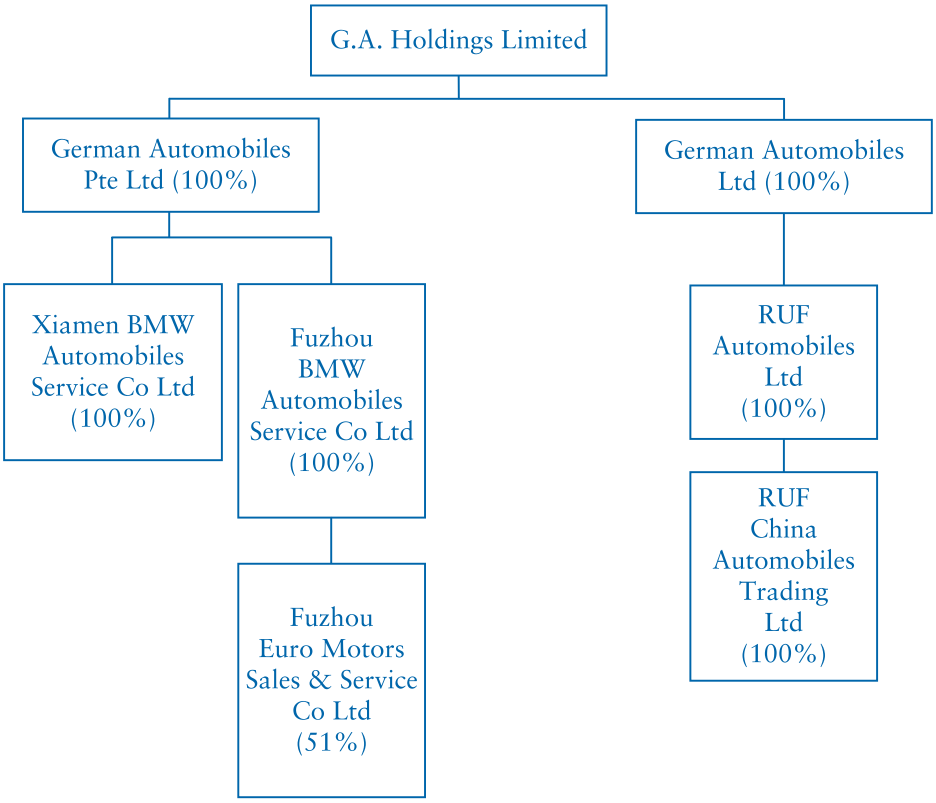
COMPANY WEBSITE

http://www.ga-holdings.com.hk

STOCK CODE

8126

Group Structure



Only principal subsidiaries are presented

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of G.A. Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2015.

2015 is a year of steady growth for the Group. Total revenue for the year increased to HK$495,526,000, representing a 17.2% increase as compared to 2014 after our dealer shop for ultra-luxury brands in Fuzhou went into full operation. The Group also marked an encouraging result with the profit after tax increased from HK$50,437,000 in 2014 to HK$85,012,000 this year.

The entering into the ultra-luxury automotive market has enhanced the Group's image and set a stage for future growth into this important market segment. Our after-sales and value added service business segment remains strong in the more matured market where demand is more rational and growth is more structured. In view of the slowdown in the economic growth in the PRC and its impact on the overall financial performance of the Group, the management is now taking various measures on cost control through effective marketing and efficient operations. I am also pleased to report that the Group has, subsequent to the end of the reporting period, entered into a non-legally binding memorandum of understanding for an acquisition of three dealerships engaged in the luxury automobile sales and related after-sales service in the Fujian Province. The acquisition of the three dealerships, if materialised, will continue to strengthen our overall business and further solidify our position in the PRC automotive industry.

In order to retain adequate working capital for the expansion of our dealership business and related corporate development, the Board does not propose any payment of dividend for the year ended 31 December 2015.

On behalf of the Board, I would like to express our sincere gratitude to all our customers, business partners, employees and shareholders for their continuous support. I would also like to convey my heartfelt gratefulness to Mr. Loh Nee Peng, Mr. Wong Jacob, Mr. Yeung Chak Sang, Mr. Lee Kwok Yung and Mr. Tan Cheng Kim, who resigned from the Board, for their invaluable advice and guidance. Going forward, we believe the new directors will continue to build on the past success of the Group in the future.

Yours sincerely,
Loh Boon Cha
Chairman

Hong Kong, 24 March 2016

Biographical Information of Directors

EXECUTIVE DIRECTORS

Mr. Loh Boon Cha, *Chairman*

Mr. Loh, aged 75, is the Chairman of the Group and the Director of L&B Holdings Pte Ltd ("L&B") in Singapore. He is responsible for the daily operations and business development of L&B. He possesses over 35 years of extensive working experience and knowledge especially in the area in import and export trading in the People's Republic of China. Over the years, he has maintained good and well established working relationships and strategic business connections with various government-linked companies and bankers.

Mr. Choy Choong Yew, *Managing Director and Compliance Officer*

Mr. Choy, aged 63, is currently the Managing Director and compliance officer of the Group, as well as the general manager of Fuzhou BMW Automobiles Service Co Ltd, a wholly-owned subsidiary of the Company. He joined the Group in 1987 and has achieved results for the Group in several roles since then, including an administration and finance manager of the Group.

Mr. Choy has broad-based expertise in general management, operations and finance. He is known for his ability to drive excellent business outcomes, through insightful strategic planning, participative leadership, and focus on operational efficiency and sound financial management principles. Mr. Choy believes in continuous learning and has amassed an impressive array of educational qualifications which include a Professional Diploma for Finance Controllers & Finance Directors of Foreign Investment and Foreign Enterprise in China (Zhongshan University and Hong Kong Management Association), Master of Finance (University of Royal Melbourne Institute of Technology), Diploma in Financial Management (Hong Kong Management Association) and Higher Diploma in Accounting (London Chamber of Commerce and Industry).

Mr. Lin Ju Zheng

Mr. Lin, aged 68, holds a bachelor degree in foreign language majoring in English from Fujian No.2 Normal College (福建第二師範學院) (which merged with other colleges to become Fujian Normal University (福建師範大學)). He is a senior economist with extensive experience in banking operations and management. Before joining the Company, Mr. Lin had worked in various senior positions in one of the major banks in China till December 2007. Mr. Lin was appointed as an independent non-executive Director in June 2010 and he has been re-designated as an executive Director of the Company since March 2012.

Biographical Information of Directors

Mr. Zhang Xi

Mr. Zhang, aged 33, is currently the deputy general manager of Xiamen BMW Automobiles Service Co Ltd, a wholly-owned subsidiary of the Company. Prior to joining the Group, Mr. Zhang has worked in international high-end automobiles companies as key management, mainly responsible for overseeing operational efficiency and strategic planning. Mr. Zhang holds a Bachelor degree of Information Management System from Beihang University（北京航空航天大學）and a Master degree in International Relations from the University of International Relations（國際關係學院）.

Mr. Ma Hang Kon, Louis

Mr. Ma, aged 53, is currently the chief financial officer and the company secretary of the Company. He has over 30 years of working experience, mainly in professional services in Hong Kong, petrochemical, electronics and resources industries in the United States and in the Asia Pacific region. He also has extensive experience in managing businesses in listed companies both in Hong Kong and in the United States. Mr. Ma is a member of each of The Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Montana Board of Public Accountants and the Institute of Chartered Secretaries and Administrators. He graduated from the Kellogg School of Business, Northwestern University in the United States, the Hong Kong University of Science and Technology and the Hong Kong Polytechnic (the predecessor of The Hong Kong Polytechnic University).

Mr. Ma was an executive director and the chief executive officer of Merdeka Financial Services Group Limited (previously known as CCT Resources Holdings Limited and Tradeeasy Holdings Limited) (stock code: 8163), a company listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from October 2008 to January 2010 and from November 2010 to October 2013. Mr. Ma is also a director of various private companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Ming

Mr. Zhou, aged 43, graduated from China University of Political Science and Law (中國政法大學) and holds a master degree in law from Peking University Law School (北京大學法學院). Mr. Zhou joined Global Law Office (Beijing) in 2001 and was admitted as a partner in 2007. He was appointed as an independent non-executive Director of the Company since November 2015.

Mr. Yin Bin

Mr. Yin, aged 44, obtained a master degree in Economics from the Hunan University. Mr. Yin is the general manager of a trading financial service agent in the PRC and has extensive experience in trade and finance. He was appointed as an independent non-executive Director of the Company since July 2004.

Ms. Song Qi Hong

Ms. Song, aged 44, holds a bachelor degree in economics and a master degree in business administration from Huazhong Agricultural University (華中農業大學). She is a certified tax planner registered with China Enterprise Confederation and a member of each of The Chinese Institute of Certified Public Accountants and The Institute of Internal Auditors. Ms. Song has extensive experience in the fields of auditing, accounting and financial management. She was a senior project manager of a bank in China and then served a chief financial officer of in the commercial sector.

She is currently the general manager of finance and auditing department and a committee member of the credit guarantee risk appraisal committee of a sizeable investment firm in the PRC. She was appointed as an independent non-executive Director of the Company since August 2010.

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 December 2015, the Group recorded a total revenue of HK$495,526,000, representing an increase of 17.2% compared to HK$422,862,000 of last year. Total comprehensive income attributable to owners of the Company increased by 13.7% to HK$57,035,000 as compared to HK$50,178,000 in year 2014.

The increase in total revenue was mainly attributable to the sharp increase in the segment of sales of motor vehicles and steady growth in servicing of motor vehicles and sales of auto parts.

The increase in total comprehensive income in year 2015 was mainly resulted from i) the increase in total revenue; ii) the waiver of interest payable of HK$45,626,000 from a creditor; offset by iii) impairment loss on goodwill and inventories and iv) exchange difference on translation of financial statements of foreign operations during the year.

Sales of Motor Vehicles

Segment of sales of motor vehicles contributed 22.9% (2014: 12.1%) of the total revenue of the Group in year 2015, amounted to HK$113,464,000. As our new dealership store in Fuzhou entered into full operations, the sales in this segment increased sharply compared to last year.

Servicing of Motor Vehicles and Sales of Auto Parts

Revenue generated from the servicing of motor vehicles and sales of auto parts for the year 2015 increased by 3.0% to HK$355,675,000. Servicing income contributed 71.8% (2014: 81.6%) of the total revenue. The increase was consistent with the continuous increase in demand for after-sales support for luxurious vehicles.

Technical Fee Income

The Group received technical income from Xiamen Zhong Bao Automobiles Co., Ltd. ("Xiamen Zhong Bao") and certain of its subsidiaries or related companies, collectively (the "Zhong Bao Group") for providing management consulting and technical assistance in relation to the PRC locally assembled BMW motor vehicles sold by the Zhong Bao Group.

During the current year, the Group recorded technical fee income of HK$26,387,000 which remained stable compared to year 2014.

Car Rental Business

The car rental business marked a year of steady growth during 2015. The rental income increased to 9.2% to HK$27,075,000 from HK$24,791,000 in 2014.

Management Discussion and Analysis

FINANCIAL REVIEW

Gross profit

The gross profit for the year 2015 was HK$206,306,000 as compared to HK$190,547,000 in 2014. The gross profit margin decreased from 45.1% in year 2014 to 41.6% in year 2015. The decrease in gross profit margin was mainly resulted from the increased share of contribution generated from the sales of motor vehicles, which yields relatively lower profit.

Financial resources and liquidity

As at 31 December 2015, shareholders' fund of the Group amounted to HK$535,625,000 (2014: HK$492,590,000). Current assets amounted to HK$641,291,000 (2014: HK$610,694,000) of which HK$110,358,000 (2014: HK$55,207,000) were cash and pledged deposits. Current liabilities amounted to HK$229,446,000 (2014: HK$258,871,000) and mainly represents trade payables, borrowings, accruals and other payables and amounts due to directors and related companies. The Group had non-current liabilities amounted to approximately HK$10,395,000 (2014: HK$9,101,000). The net asset value per share as at 31 December 2015 was HK$1.12 (2014: HK$1.03).

Capital Structure of the Group

During the year ended 31 December 2015, the Group had no debt securities in issue (2014: Nil).

The Group obtained funding mainly from bank borrowing. They are mainly denominated in Hong Kong dollars and Renminbi. As at 31 December 2015, the Group has available unutilised banking facilities of approximately HK$111,106,000 (2014: HK$42,478,000).

Significant Investment or Capital Assets

As at 31 December 2015, the Group had no significant investment held (2014: Nil).

Material Acquisitions and Disposals of Subsidiaries or Affiliated Companies

Save for the disposal of subsidiaries as set out in note 40 to the consolidated financial statements, the Group had no material acquisitions and disposals of subsidiaries or affiliated companies during the year ended 31 December 2015.

Employees

As at 31 December 2015, the total number of employees of the Group was approximately 384. For the year ended 31 December 2015, the staff costs including directors' remuneration of the Group amounted to HK$59,306,000 (2014: HK$59,716,000), representing 12.0% of the revenue of the Group. Staff costs for the year 2015 was stable as compared to year 2014. Appropriate staff force is maintained cautiously in accordance with the operational needs and activities of the Group.

It is the Group policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Management Discussion and Analysis

Charges on Group Assets

As at 31 December 2015, fixed deposits of approximately HK$13,784,000 (2014: HK$10,144,000) were pledged to banks to secure banking facilities of the Group while amounts of approximately of HK$10,161,000 (2014: HK$10,791,000) were pledged to banks as security to one of our supplies.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including short-term and long term bank borrowings, as shown in the consolidated statement of financial position), less cash and bank balances, divided by total equity, plus net debt. As at 31 December 2015, the Group had a gearing ratio of 0.05 (2014: 0.11).

Foreign Exchange Exposure

During the year ended 31 December 2015, the Group had an exchange loss of approximately HK$7,913,000 (2014: HK$3,489,000), mainly resulted from the continuous devaluation of Renminbi during the year.

Contingent Liabilities

As at 31 December 2015, the Group provided bank guarantee with aggregate principal amounts of approximately HK$143,280,000 in respect of banking facilities to the Zhong Bao Group (2014: HK$215,560,000).

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

PROSPECT

The Group will continue to dedicate ourselves to servicing luxury cars in Fujian Province and will further strengthen our sales team for service excellence. Looking ahead, we believe that the China's automobile market will become more mature and consumption will be more rational that the steady growth in demand for high-quality after-sales service will be sustained. As the competition in the PRC automobile industry intensifies, the Company is confident that its experienced management and skilled service team can continue to grow its business in sales of motor vehicles and after-sales service.

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

Directors' Report

The Board of Directors ("Board") is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

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

The business of each subsidiaries and details of its nature of business, country of incorporation or other establishment, and particulars of the issued share capital and debt securities are set out in note 39 to the consolidated financial statements. An analysis of the Group's revenue, other income and profit before income tax is set out in notes 6, 8 and 9 to the consolidated financial statements.

RESULTS, DIVIDENDS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Company and the Group are set out in the consolidated financial statements on pages 36 to 95 of this report.

The Board does not recommend the payment of any dividend for the year ended 31 December 2015. As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2015 (2014: Nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" on pages 8 to 10 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting ("AGM") is scheduled to be convened on Friday, 6 May 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 4 May 2016 to Friday, 6 May 2016 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 May 2016.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company had reserves available for distribution to shareholders amounted to approximately HK$21,674,000 (2014: HK$23,145,000). It comprised share premium of approximately HK$29,522,000 (2014: HK$29,522,000) less accumulated losses of approximately HK$7,848,000 (2014: HK$6,377,000).

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 13 to the consolidated financial statements.

Directors' Report

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

As at 31 December 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 5.48 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

		Number of ordinary shares held			Approximate
		Family	Corporate		percentage of
Name	Capacity	Interest	Interest	Total	shareholding
Loh Boon Cha	Deemed interest	32,676,320 *(Note)*	45,284,000 *(Note)*	77,960,320	16.37%

Note:

Out of the 77,960,320 shares deemed to be interested by Mr. Loh Boon Cha, (i) 45,284,000 shares are held by Loh & Loh Construction Group Ltd. (which is interested as to 64% by Mr. Loh Nee Peng, the son of Mr. Loh Boon Cha and 21% by Mr. Loh Boon Cha respectively) and (ii) 32,676,320 Shares are held by Big Reap Investment Limited (which is interested as to 100% by Mr. Loh Nee Peng). By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the Shares held by 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 31 December 2015, 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 POSITIONS OF SHAREHOLDERS

As at 31 December 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 *(Note 1)*	77,960,320	16.37%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation *(Note 2)*	72,047,085	15.13%
Tycoons Investment International Limited	Beneficial owner	71,671,085	15.05%
Loh & Loh Construction Group Ltd.	Beneficial owner *(Note 1)*	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner	32,676,320	6.86%

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. Loh & Loh Construction Group Ltd. is held as to 64% by Mr. Loh Nee Peng and 21% by Mr. Loh Boon Cha.

2. 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 directly by Mr. Chan Hing Ka Anthony 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.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other person who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who is expected, interested in 5% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meetings of the Company.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2015 and up to the date of this report are:

Executive Directors

Mr. Loh Boon Cha *(Chairman)*
Mr. Choy Choong Yew *(Managing Director)*
Mr. Lin Ju Zheng
Mr. Zhang Xi (appointed on 23 September 2015)
Mr. Ma Hang Kon, Louis (appointed on 16 November 2015)
Mr. Loh Nee Peng (resigned on 20 August 2015)
Mr. Yeung Chak Sang (resigned on 16 November 2015)
Mr. Tan Cheng Kim (resigned on 16 March 2016)

Independent Non-Executive Directors

Mr. Yin Bin
Ms. Song Qi Hong
Mr. Zhou Ming (appointed on 16 November 2015)
Mr. Wong Jacob (resigned on 20 August 2015)
Mr. Lee Kwok Yung (resigned on 16 November 2015)

In accordance with Article 84(1) of the Company's Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at AGM at least once every three years. At the AGM, Mr. Loh Boon Cha and Mr. Choy Choong Yew, being executive Directors and Mr. Yin Bin, an independent non-executive Director, will retire by rotation and, being eligible, will offer themselves for re-election thereat.

Mr. Loh Boon Cha, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, and Mr. Zhang Xi entered into appointment letters with the Company for a term of three years, commencing from 4 August 2015, 1 June 2015, 16 May 2015, and 23 September 2015 respectively, subject to early termination by the Company giving not less than three months' notice of termination or payment in lieu. Mr. Ma Hang Kon, Louis entered into a service contract with the Company for an initial term of three years, commencing from 16 November 2015.

One independent non-executive Director, Mr. Yin Bin entered into an appointment letter with the Company for a term of five years commencing from 1 July 2011. Another two independent non-executive Directors, Ms. Song Qi Hong and Mr. Zhou Ming entered into appointment letters with the Company for a term of three years commencing from 1 August 2015 and 16 November 2015 respectively.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contract of significance (as defined in the GEM Listing Rules) to which the Company or any of its subsidiaries was a party in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors and chief executive 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.

GROUP'S EMOLUMENT POLICY

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence. The emoluments of the Directors of the Company are determined with regard to the performance of individual; the Company's operating results and market standards.

DIRECTORS' EMOLUMENTS AND THE HIGHEST PAID EMPLOYEES

Details of Directors' emoluments are set out in note 12 of the consolidated financial statements.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the year ended 31 December 2015 are set out in note 33 to the consolidated financial statements. Other than the related parties transactions set out in this annual report, as stated in the announcements of the Company dated 14 March 2016, 15 March 2016 and 21 March 2016 (the "Clarification Announcements"), the Company announced that Mr. Zhao Guiming ("Mr. Zhao"), given (i) his interest in Beijing Zhong Bao Excellent International Trading Co., Ltd. ("Beijing Zhong Bao") which is the holding company of Xiamen Zhong Bao; and (ii) his capacity as a director of Fuzhou BMW Automobiles Services Co., Ltd. ("Fuzhou BMW"), an indirect wholly-owned subsidiary of the Company during the period from 1 November 2009 to 26 April 2015; Mr. Zhao was deemed and will remain a connected person of the Company at the subsidiary level until 25 April 2016 under the GEM Listing Rule 20.07(2). Accordingly, certain transactions (the "Connected Transactions") between the Group and Zhong Bao Group, as detailed in the Clarification Announcements, would have constituted continuing connected transactions of the Company while some of them have not been disclosed by the Company prior to the publication of the Clarification Announcements. The Company had not complied with the announcement and the annual review requirements under the GEM Listing Rules in respect of the Connected Transactions (save for the transactions that were fully exempt from shareholders' approval, annual review and all disclosure requirements under the GEM Listing Rules). Please refer to the Clarification Announcements for further details.

Set out below are the information on the Connected Transactions conducted during the year ended 31 December 2015 (details of which are also set out in the Clarification Announcements):

1. The major and continuing connected transactions contemplated under the following agreements (collectively, the "Guarantee Agreements"):

   (a) the guarantee agreement dated 22 December 2014 between (Xiamen BMW Automobiles Service Co., Ltd.) ("Xiamen BMW") and Xiamen Zhong Bao, whereby Xiamen BMW agreed to provide the lenders of Xiamen Zhong Bao guarantees in the aggregate sum not exceeding RMB190 million over the loan facilities to be extended by the Lenders to Xiamen Zhong Bao for a term of 1 year from 1 January 2015 to 31 December 2015 (the "2014 Guarantee Agreement");

Directors' Report

(b) the facility guarantee agreement dated 14 March 2014 between Xiamen BMW and China CITIC Bank Xiamen Branch ("CITIC Bank") relating to the guarantee by Xiamen BMW to CITIC Bank over the facility granted by CITIC Bank to Xiamen Zhong Bao in the amount of RMB50 million, interests and charges (the "2014 Facility A Guarantee Agreement");

(c) the facility guarantee agreement dated 22 January 2015 between Xiamen BMW and Xiamen Branch of the Bank of China Limited ("BOC") relating to the guarantee by Xiamen BMW to BOC over the facility granted by BOC to Xiamen Zhong Bao in the amount of RMB70 million, interests and charges (the "2015 Facility B Guarantee Agreement"); and

(d) the facility guarantee agreement dated 2 June 2015 between Xiamen BMW and China Minsheng Banking Corporations Limited ("CMS Bank") relating to the guarantee by Xiamen BMW to CMS Bank over the facility granted by CMS Bank to Xiamen Zhong Bao in the amount of RMB50 million, interests and charges (the "2015 Facility C Guarantee Agreement").

Pursuant to the Guarantee Agreements, as detailed in the circular of the Company dated 24 December 2014, Xiamen BMW agreed to provide guarantees in favour of Xiamen Zhong Bao for a term of 1 year from 1 January 2015 to 31 December 2015. Xiamen BMW has entered into a new guarantee agreement with Xiamen Zhong Bao after the expiry of the 2014 Guarantee Agreement. Each of the 2014 Guarantee Agreement, the 2014 Facility A Guarantee Agreement, the 2015 Facility B Guarantee Agreement and the 2015 Facility C Guarantee Agreement was a connected transaction between the Group and a connected person at the subsidiary level and should be exempted from the circular, independent financial advice and shareholders' approval requirements under the GEM Listing Rules as the transaction had been approved by the Board. The Board considered that the terms of the 2014 Guarantee Agreement, which was negotiated on an arm's length basis, were fair and reasonable and the entering into the 2014 Guarantee Agreement was in the interest of the Company and its Shareholders as a whole.

2. The continuing connected transactions contemplated under the lease agreement (the "2015 Fuzhou Lease Agreement") between Fuzhou Zhong Bao Automobiles Sales and Service Limited Company ("Fuzhou Zhong Bao") and Fuzhou BMW:

   Fuzhou Zhong Bao, a direct wholly-owned subsidiary of Xiamen Zhong Bao, as landlord and Fuzhou BMW, an indirect wholly-owned subsidiary of the Company, as tenant, entered in to the 2015 Fuzhou Lease Agreement, relating to the lease of a 2,500 sq.m. property located at 福州市福廈連接線北側 owned by Fuzhou Zhong Bao for a term of 1 year from 1 January 2015 to 31 December 2015 for office use at the annual rent of RMB5,400,000. Fuzhou BMW has entered into a new lease agreement with Fuzhou Zhong Bao after the expiry of the 2015 Fuzhou Lease Agreement. The 2015 Fuzhou Lease Agreement was a connected transaction between the Group and a connected person at the subsidiary level and should be exempted from the circular, independent financial advice and shareholders' approval requirements under the GEM Listing Rules.

3. The continuing connected transactions contemplated under the following agreements (collectively, the "Co-operation Agreements"):

(a) the technical and co-operation agreement dated 7 October 2003 (as amended from time to time with the latest amendment on 1 May 2012) between German Automobiles Pte. Ltd. ("GA Singapore"), a wholly-owned subsidiary of the Company, and Xiamen Zhong Bao, relating to the amount of technical fee, whereby GA Singapore will provide technical expertise, financial assistance and management service to Xiamen Zhong Bao and Xiamen Zhong Bao will pay a technical fee to GA Singapore in return based primarily on the number of motor vehicles sold by Xiamen Zhong Bao (the "Xiamen Zhong Bao Co-operation Agreement");

(b) the technical and co-operation agreement dated 8 January 2006 (as amended from time to time with the latest amendment on 1 May 2012) between GA Singapore and Fuzhou Zhong Bao, relating to the amount of technical fee, whereby GA Singapore will provide technical expertise, financial assistance and management service to Fuzhou Zhong Bao and Fuzhou Zhong Bao will pay a technical fee to GA Singapore in return based primarily on the number of motor vehicles sold by Fuzhou Zhong Bao (the "Fuzhou Zhong Bao Co-operation Agreement");

(c) the technical and co-operation agreement dated 7 March 2007 (as amended from time to time with the latest amendment on 1 May 2012) between German Automobiles Limited ("GA Hongkong"), a wholly-owned subsidiary of the Company, and Quanzhou Fubao Automobiles Sales and Service Company Limited Quanzhou Fubao"), a direct wholly-owned subsidiary of Xiamen Zhong Bao, relating to the amount of technical fee, whereby GA Hongkong will provide technical expertise, financial assistance and management service to Quanzhou Fubao and Quanzhou Fubao will pay a technical fee to GA Hongkong in return based primarily on the number of motor vehicles sold by Quanzhou Fubao (the "Quanzhou Fubao Co-operation Agreement"); and

(d) the technical and co-operation agreement dated 7 March 2007 (as amended from time to time with the latest amendment on 1 May 2012) between GA Hongkong and Tianjin Tianbao Automobiles Sales and Service Company Limited ("Tianjin Tianbao"), a direct wholly-owned subsidiary of Beijing Zhong Bao, relating to the amount of technical fee, whereby GA Hongkong will provide technical expertise, financial assistance and management service to Tianjin Tianbao and Tianjin Tianbao will pay a technical fee to GA Hongkong in return based primarily on the number of motor vehicles sold by Tianjin Tianbao (the "Tianjin Tianbao Co-operation Agreement").

The above Co-operation Agreements were entered into for the purpose of generating an income stream for the Group by leveraging on the marketing and technical expertise of its management team and operations. The provision of financial assistance by the Group's subsidiary was aimed at supporting the sales of the other party to the agreement and the Group derived benefit through the arrangement as technical fee income is based on the number of cars sold. During the year ended 31 December 2015, the total technical fee income derived from the above 4 co-operation agreements amounted to HK$26,387,000. Each of the Co-operation Agreements was a connected transaction between the Group and a connected person at the subsidiary level and should be exempted from the circular, independent financial advice and shareholders' approval requirements under the GEM Listing Rules.

4. The continuing connected transactions contemplated under the repayment agreement (the "2015 Repayment Agreement") dated 19 March 2015 between Xiamen BMW and Xiamen Zhong Bao, whereby Xiamen Zhong Bao agreed to settle the outstanding net balance amounted to HK$324,176,000 as at 31 December 2014, to the Group by instalments by 30 September 2015 and all of the existing motor vehicles purchased by Xiamen Zhong Bao were pledged to the Group as security for the repayment.

Directors' Report

On 19 March 2015, Xiamen BMW and Xiamen Zhong Bao entered in to the 2015 Repayment Agreement for the purpose of ensuring the recoverability of the amount due from Xiamen Zhong Bao to Xiamen BMW as of 31 December 2014. The 2015 Repayment Agreement was a connected transaction between the Group and a connected person at the subsidiary level and should be exempted from the circular, independent financial advice and shareholders' approval requirements under the GEM Listing Rules.

5. The miscellaneous sales of auto parts and motor vehicle repair and maintenance services to members of the Beijing Zhong Bao Group other than Xiamen Zhong Bao, Fuzhou Zhong Bao, Quanzhou Fubao and Tianjin Tian Bao (the "**Auto Parts and Services Sales**")

   For the 12 months from 1 January 2015 to 31 December 2015, the Group recorded the Auto Parts and Services Sales amounted to approximately HK$11,750,000 (unaudited). The Auto Parts and Services Sales for the 12 months from 1 January 2015 to 31 December 2015 was connected transactions between the Group and a connected person at the subsidiary level, and should be exempted from the circular, independent financial advice and shareholders' approval requirements under the GEM Listing Rules.

The Board including all the independent non-executive Directors have reviewed all the connected transactions and have unanimously confirmed that all the connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company will make further announcement on the developments and progresses relating to the Stock Exchange's responses to the breaches of the GEM Listing Rules relating to the Connected Transactions as and when appropriate.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out in the financial summary on page 96 of this annual report. This summary does not form part of the audited financial statements.

MANAGEMENT OF RISKS

Details of risk management are set out in note 35 to the consolidated financial statements.

SEGMENTAL INFORMATION

Details of the segmental information of the Group are set out in note 7 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of Directors are set out on pages 6 to 7 of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence has been received from each of independent non-executive Directors of the Company and the Company considers all existing independent non-executive Directors to be independent according to the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the percentage of sales and purchases attributable to the Group's major customers and suppliers are set out as below:

Sales

– The largest customer	8.8%
– The total of five largest customers	25.4%

Purchases

– The largest supplier	54.4%
– The total of five largest suppliers	96.8%

As far as the Directors aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2015 and up to the date of this annual report, the Company has maintained the prescribed public float as required by the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws in Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period of the Group are set out in note 41 to the consolidated financial statements.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 were audited by BDO Limited, who will retire and a resolution to re-appoint BDO Limited as auditors of the Company will be proposed at the forthcoming AGM.

COMPANY SECRETARY

Mr. Ma Hang Kon, Louis, aged 53, is appointed as the company secretary and authorised representative of the Company with effect from 16 November 2015. He is a member of each of The Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Montana Board of Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Ma confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

Directors' Report

COMPLIANCE OFFICER

Mr. Choy Choong Yew, aged 63, has appointed as the Managing Director and compliance officer of the Group since May 2012. Mr. Choy is currently the general manager of Fuzhou BMW, a wholly-owned subsidiary of the Company. Mr. Choy joined the Group in 1987 and has broad-based expertise in general management, operations and finance. He is known for his ability to drive excellent business outcomes, through insightful strategic planning, participative leadership, focus on operational efficiency and sound financial management principles. Mr. Choy believes in continuous learning and has amassed an impressive array of educational qualifications which include a Professional Diploma for Finance Controllers & Finance Directors. Foreign Investment and Foreign Enterprise in China (Zhongshan University and Hong Kong Management Association), Master of Finance (University of Royal Melbourne Institute of Technology), Diploma in Financial Management (Hong Kong Management Association) and Higher Diploma in Accounting (London Chamber of Commerce and Industry).

COMPETING INTERESTS

None of the Directors or the management of the Company had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

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 the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

Details of the Share Option Scheme are set out in note 37 to the consolidated financial statements.

No option has been granted under the Share Option Scheme during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year.

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in note 39 to the consolidated financial statements of the Group.

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 31 December 2015, the Company's total assets were approximately HK$775,466,000.

	(Audited) As at 31 December 2015 *HK$'000*	**Assets Ratio** *(%)*	(Audited) As at 31 December 2014 *HK$'000*	Increment as compared to Assets Ratio *(%)*
Guarantees to Zhong Bao Group*	**143,280**	**18.5%**	215,560	N/A

Relevant advances in comparison to the previous disclosure are shown below:

	(Audited) As at 31 December 2015 *HK$'000*	**Assets Ratio** *(%)*	(Unaudited) As at 30 September 2015 *HK$'000*	Increment as compared to Assets Ratio *(%)*
Guarantees to Zhong Bao Group*	**143,280**	18.5%	207,060	N/A

* "Zhong Bao Group" means Xiamen Zhong Bao Automobiles Co., Ltd and certain of its subsidiaries and related companies.

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

On 18 November 2015, Xiamen BMW, an indirect wholly-owned subsidiary of the Company, entered into a guarantee agreement ("Guarantee Agreement") whereby Xiamen BMW will during the period from 1 January 2016 to 31 December 2017 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's extraordinary general meeting ("EGM") held on 30 December 2015, the Company obtained the Shareholders' approval on the Facilities Guarantees and the entering into of the Guarantee Agreement. Please also refer to the paragraph headed "Connected Transactions and Related Party Transactions" of this annual report for further details.

As disclosed in the circular of the Company dated 14 December 2015 (the "Circular"), the maximum aggregate amount of guarantees provided by Xiamen BMW to Xiamen Zhong Bao is approximately RMB189.65 million, which is based on the maximum principal amount of RMB170 million in aggregate under the facilities granted by three banks ("Facilities Providers") in the PRC to Xiamen Zhong Bao and the estimated maximum amount of interest and fees under the Facilities Guarantees in the aggregate amount of RMB19.65 million.

Further details of the Guarantee Agreement and the Facilities Guarantees thereunder have been set out in the announcement of the Company dated 18 November 2015 and the circular, respectively. Please also refer to the paragraph headed "Connected Transactions and Related Party Transactions" of this annual report for further details.

On 31 December 2015, Xiamen BMW obtained a notice from one of the Facilities Providers that Xiamen Zhong Bao had repaid all the outstanding borrowings under the facilities of RMB50 million it granted and agreed to release and waive all its rights to claim the guarantor, Xiamen BMW under the relevant facilities guarantee agreement.

Directors' Report

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISIONS

During the year and the time when the directors' report are approved, a permitted indemnity provision that meets the requirements specified in section 469(2) of the Companies Ordinance for the benefit of all directors are in force.

On behalf of the Board
G.A. Holdings Limited
Loh Boon Cha
Chairman

Hong Kong, 24 March 2016

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Group.

The Group has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "Code Provision") throughout the year ended 31 December 2015.

The Board has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has 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 had also made specific enquiry of all Directors and the Company were not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions.

BOARD OF DIRECTORS

Board Composition

As at the date of this report, the Board consists of five executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Loh Boon Cha *(Chairman)*
Mr. Choy Choong Yew *(Managing Director)*
Mr. Lin Ju Zheng
Mr. Zhang Xi
Mr. Ma Hang Kon, Louis

Independent Non-Executive Directors

Mr. Zhou Ming
Mr. Yin Bin
Ms. Song Qi Hong

Mr. Loh Nee Peng, Mr. Yeung Chak Sang and Mr. Tan Cheng Kim resigned as executive Directors on 20 August 2015, 16 November 2015 and 16 March 2016 respectively while Mr. Wong Jacob and Mr. Lee Kwok Yung resigned as independent non-executive Directors on 20 August 2015 and 16 November 2015 respectively.

Corporate Governance Report

Board Meetings

The Board meets regularly over the Company's affairs and operations and held twelve board meetings in 2015. The attendance records of each member of the Directors are set out below:

Executive Directors

Loh Boon Cha	12/12
Choy Choong Yew	12/12
Lin Ju Zheng	12/12
Zhang Xi (appointed on 23 September 2015)	5/12
Ma Hang Kon, Louis (appointed on 16 November 2015)	3/12
Loh Nee Peng (resigned on 20 August 2015)	4/12
Yeung Chak Sang (resigned on 16 November 2015)	6/12
Tan Cheng Kim (resigned on 16 March 2016)	12/12

Independent Non-Executive Directors

Yin Bin	12/12
Song Qi Hong	12/12
Zhou Ming (appointed on 16 November 2015)	3/12
Wong Jacob (resigned on 20 August 2015)	4/12
Lee Kwok Yung (resigned on 16 November 2015)	6/12

Responsibilities, accountabilities and contributions of the board and management

The Board of Directors of the Company is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for the day to day management of the Company which is delegated to the chairman and the management. In practice, the Board takes responsibilities for decision making in all major matters of the Company as well as determining the policy for the corporate governance of the Company, and duties performed by the Board and the committees of the Board under Code Provision D.3.1. The day-to-day management, administration and operation of the Company are delegated to the senior executives. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Details of the backgrounds and qualifications of the Chairman of the Company and the other Directors are set out on pages 4 to 5 of this Annual Report. All Directors have given sufficient time and attention to the affairs of the Group.

Retirement of directors

Under the Code Provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. According to the existing Articles of Association of the Company, at each AGM, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Pursuant to Article 84(1) of the articles of association of the Company, Mr. Loh Boon Cha, Mr. Choy Choong Yew, and Mr. Yin Bin will retire at the AGM, and being eligible, will offer themselves for re-election at the AGM.

Continuous Professional Development

Pursuant to Code Provision A.6.5, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Up to the date of this report, all Directors have participated in continuous professional development by reading relevant materials, attended training conducted by accredited service providers and in-house briefing on the topics related to corporate governance regulations or Directors' duties. All our Directors are also currently members of the Hong Kong Institute of Directors and are continual improving their Directors' skill and keeping up to date with all issues affecting their ability to fulfill their role.

All Directors also understand the importance of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

Directors' Insurance

The Company has also arranged appropriate insurance cover in respect of the legal action against the Directors for the year 2015 and onwards.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual to ensure a balance of power and authority. The roles of Chairman and Chief Executive Officer are taken by Mr. Loh Boon Cha and Mr. Choy Choong Yew respectively.

The executive Directors undertake the day-to-day management of the Company's business, whereas the Chairman is responsible for management of the Board and strategic planning for the Group and ensure that all Directors are properly briefed on issues arising at board meetings. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement and the operations of the Board which comprises experienced and high caliber individuals with a substantial number thereof being independent non-executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, i.e. Mr. Zhou Ming, Mr. Yin Bin and Ms. Song Qi Hong, representing one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

Under Code Provision A.4.1, Independent Non-Executive Directors should be appointed for a specific term, subject to re-election. One independent non-executive Director, Mr. Yin Bin entered into an appointment letter with the Company for a term of five years commencing from 1 July 2011. Another two independent non-executive Directors, Ms. Song Qi Hong and Mr. Zhou Ming have entered into appointment letters with the Company for a term of three years commencing from 1 August 2015 and 16 November 2015 respectively.

Corporate Governance Report

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the websites of the Company and the Stock Exchange.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

The Board Committees have all adopted the applicable practices and procedures used in Board meetings for all committee meetings.

Nomination Committee

The Nomination Committee of the Company was established on 29 September 2006. In regard to the amendments to the Code promulgated by the Stock Exchange since year 2012, the committee adopted a revised written terms of references in compliance with the Code A.5.2. As at 31 December 2015, it comprises of one executive Director and two independent non-executive Directors, namely Mr. Loh Boon Cha, Mr. Yin Bin and Ms. Song Qi Hong as members. Mr. Loh Boon Cha is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the Board composition, including its structure, size and diversity, developing and formulating relevant procedures for nomination and appointment of Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors and senior management, and assessment of the independence of the independent non-executive Directors. Further details on the terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2015, the Nomination Committee had held three meetings for making recommendation to the Board on annual review on the appointment of Directors, and review on assessment of the independence of the independent non-executive Directors during the year and Mr. Loh Boon Cha and Mr. Yin Bin attended all the meetings, while Ms. Song Qi Hong, who was appointed as a member of the Nomination Committee on 20 August 2015, attended two-third of the meetings.

Remuneration Committee

The Remuneration Committee was formed on 27 September 2005. In regard to the amendments to the Code promulgated by the Stock Exchange since year 2012, the committee adopted a revised written terms of references in compliance with the Code B.1.2. As at 31 December 2015, the Remuneration Committee is made up of three independent non-executive Directors, namely Mr. Zhou Ming, Mr. Yin Bin and Ms. Song Qi Hong. Mr. Zhou Ming is the chairman of the Remuneration Committee. Mr. Lee Kwok Yung, who resigned as an independent non-executive Director on 16 November 2015, was the chairman of the Remuneration Committee until 16 November 2015.

The Remuneration Committee is principally responsible for making recommendations to the Board on policies and structure for remuneration of Directors and senior management and on the establishment for a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters when needs arise. The Remuneration Committee shall consult the Chairman and/or the Managing Director of the Company about these recommendations on remuneration policy and structure and remuneration packages. Further details on the terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2015, the Remuneration Committee had held three meetings to discuss and review the remuneration policy and structure of the Company and remuneration packages of the independent non-executive Directors and the senior management under review for the year. The attendance record of each member of the remuneration Committee is set out below:

	Attendance
Zhou Ming (appointed as an independent non-executive Director and the chairman of the Remuneration Committee on 16 November 2015)	0/3
Yin Bin	3/3
Song Qi Hong (appointed as a member of the Remuneration Committee on 20 August 2015)	2/3
Wong Jacob (resigned as a member of the Remuneration Committee on 20 August 2015)	0/3
Lee Kwok Yung (resigned as an independent non-executive Director and the chairman of the Remuneration Committee on 16 November 2015)	1/3

Audit Committee

The Audit Committee was formed on 5 June 2002 and is currently composed of the three independent non-executive Directors namely, Mr. Zhou Ming, Mr. Yin Bin and Ms. Song Qi Hong. Mr. Zhou Ming is the chairman of the Audit Committee. Mr. Lee Kwok Yung, who resigned as an independent non-executive Director on 16 November 2015, was the chairman of the Audit Committee until 16 November 2015.

The primary duties of the Audit Committee are mainly to (a) review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports, and (b) to review and supervise the financial reporting process, risk management and the internal control system of the Group, and (c) liaise with the external auditor at least twice a year and provide advice and comments thereon to the Board. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2015, the Audit Committee held seven meetings. The attendance record of each member of the Committee is set out below:

Independent Non-Executive Directors	**Attendance**
Zhou Ming (appointed as the chairman of the Audit Committee on 16 November 2015)	1/7
Lee Kwok Yung (resigned as an independent non-executive Director and the chairman of the Audit Committee on 16 November 2015)	5/7
Yin Bin	5/7
Song Qi Hong	7/7
Wong Jacob (resigned as an independent non-executive Director and a member of the Audit Committee on 20 August 2015)	2/7

Corporate Governance Report

The Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions to improve them. The Audit Committee also carried out and discharged its duties set out in Code Provision. In the course of doing so, the Audit Committee has met the company's management and external auditors during 2015. The audited financial results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

For the year 2015, the remuneration paid or payable to external auditor, BDO Limited or its affiliated firms is as follows:

	2015 HK$'000	2014 HK$'000
Statutory audit	**613**	527
Review of interim results	**110**	100
Other non-audit services (mainly tax advisory and other reporting review services)	**209**	206

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

COMPANY SECRETARY

Mr. Ma Hang Kon, Louis ("Mr. Ma") was appointed as the company secretary and the authorised representative of the Company with effect from 16 November 2015. Pursuant to Code Provision F.1.1 to 1.3, he should possess day-to-day knowledge on the Company's affairs and responsible for advising the Board through the chairman on all governance matters and facilitates the induction and professional development of all Directors. Mr. Ma has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

INTERNAL CONTROLS AND COMPLIANCE OF GEM LISTING RULES

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular need of the Group and the risks to which it is exposed. The Board reviews at least annually the overall effectiveness of the Group's internal control system.

Corporate Governance Report

The Board has reviewed and maintained the effectiveness of the Group's internal control system, including financial, operational, compliance controls and risk management functions.

A statement of Directors responsibilities for preparing the financial statements is set out in this Annual Report. The responsibilities of the external auditor are set out in the Independent Auditor's Report on pages 34 to 35 of this annual report.

As stated in the Clarification Announcements, the Company had not complied with the announcement and the annual review requirements under the GEM Listing Rules in respect of the Connected Transactions. Please refer to the Clarification Announcements for further details. The Company has notified the Stock Exchange in writing on the breaches of the GEM Listing Rules relating to the Connected Transactions on 11 March 2016.

The Company considers that the breaches of the GEM Listing Rules, as detailed in the Clarification Announcements, was due to failure to be vigilant on the changes of the GEM Listing Rules and the potential implications to the businesses and transactions undertaken by the Group. Looking forward, in order to enhance the Director's vigilance on strict compliance of the GEM Listing Rules and to avoid incurring any further breach of the GEM Listing Rules, the Company plans to retain compliance advisor for the term of 24 months to work together with the Board on a programme to enhance the knowledge and awareness of the directors and senior managements of the Company and its significant subsidiaries on the importance of strict compliance of the GEM Listing Rules. The Company will make further announcement on the developments and progresses relating to the appointment of the compliance advisor and the implementation of the programme as and when appropriate.

INVESTOR RELATIONS

The Board considers that maintaining continuous and effective communication with shareholders is crucial to and is a key element of establishing shareholders' confidence and attracting new investors. These includes (i) the publication of quarterly, interim and annual reports; (ii) the AGM or EGM providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) latest updates and key information of the Company available on the website of the company, that offers a communication channel between the Company and its shareholders and investors; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

The existing Articles of Association was adopted and a special resolution was passed at the AGM held on 11 May 2012.

A summary of principal provision of the new Articles of Association is available on the website of the Company and the website of Stock Exchange.

COMMUNICATIONS WITH SHAREHOLDERS

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages the participation of the shareholders through AGM and other general meetings where the shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings.

Corporate Governance Report

In accordance with the Code Provision E.1.2, the chairman of the Board should attend the AGM. The Company held its AGM on 6 May 2015. Due to other business commitments, Mr. Loh Boon Cha, Chairman of the Board, and Mr. Lee Kwok Yung, the chairman of the Audit Committee and Remuneration Committee were unable to attend the AGM in person. Yet Mr. Loh has appointed Mr. Lin Ju Zheng, an executive Director, whom should report to him on any enquiries shareholders might have.

The Company has invited representatives of the external auditor of the Company to attend the 2015 AGM to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report and auditor independence.

Procedures for shareholders to convene an EGM

The Company has adopted a shareholders' communication policy and procedures with effect from 22 March 2012. The policy and procedures are available on the website of the Company. Apart from proposing a person for election as Director of the Company, pursuant to Article 58 of the Article of Association of the Company, an EGM may be convened at the request of the Shareholders under the following conditions:

1. On the written requisition of any one or more members holding not less than one-tenth of the paid-up capital of the Company as at the date of deposit of the requisition;

2. The requisition must specify:

   (a) Object of the business to be transacted at the meeting; and

   (b) Signed by the requisitionist(s); and

   (c) State the name(s) of the requisitionist(s); and the contact details and number of ordinary shares of the Company held by the requisitionist(s); and

   (d) Deposited at the company's place of business at Unit 1203, 12th Floor, Eton Tower, No. 8 Hysan Avenue, Causeway Bay, Hong Kong and for the attention of the Company Secretary.

   The Directors must proceed to convene an EGM within 21 days from the date of deposit of the requisition. If the Directors fail to convene the EGM within 21 days from the date of deposit, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, provided that the meeting so convened shall not be held after the expiration of two months from the date of deposit of the requisition. Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the directors duly to convene a meeting shall be reimbursed to the requistionist(s) by the Company.

3. If the Board fails to give shareholders sufficient notice (i.e. not less than 21 days for the AGM and/or passing special resolution(s) at the EGM, or not less than 14 days for passing an ordinary resolution(s) at the EGM, the meeting is deemed not to have been duly convened.

LOOKING FORWARD

The Board will regularly review its corporate governance standards on a timely basis and is endeavor to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

Corporate Social Responsibility Report

G.A. Holdings Limited is embracing the challenge of integrating its business objective – to become one of the top service providers in the PRC's premium automobile industry – with its responsibilities to stakeholders, business partners, staff, and the communities in which it operates. It sees these two goals as being complementary ones, and believes that by fulfilling its social responsibilities it will indeed move more powerfully towards establishing itself at the head of its industry. One way the Group is doing this is by helping to build stronger relationships between the countries and jurisdictions in which it operates: namely the PRC, Hong Kong and China. Through its role as a 'Gold Sponsor' of SingCham (the Singapore Chamber of Commerce and Industry in China), the Group is actively supporting business, technological and cultural exchange and development between Singapore and China. In August 2015, the Group was a joint sponsor for the 50th Singapore National Day Dinner, held in Beijing.

SHAREHOLDERS AND INVESTORS

The Corporate Governance Report in this Annual Report lays out in detail the structures and the checks and balances that are in place to ensure that shareholders and investors in the Group can be fully confident about its business decisions and its risk management actions. Our risk management procedure is regularly reviewed by the Board of Directors, most recently in December 2015, and is supported by monthly management meetings by the top management of the Group. In addition, the Board reviews the overall effectiveness of the Group's internal control system at least annually.

Our commitment to good management practices extends to full and open communication with our stakeholders. We have had an effective shareholders' communications policy in place since March 2012.

EMPLOYEES

The quality of its employees is a major asset for the Group, in an industry in which quality and prestige is what differentiates it from its competitors. We value our staff and take all possible measures to retain them, in particular by offering them good career advancement opportunities and an attractive, employee-friendly working environment. As at 31 December 2015, the Group employed a total of 384 staff, made up of 351 in the PRC, 27 in Hong Kong and 6 in Singapore. Of these, 197 were providing sales and technical services, with the bulk of the remainder being involved in management, administration, finance and customer service.

The Group employed 264 men and 120 women as at 31 December 2015. Currently the ratio of men to women employed by the Group is around 2:1, and this is largely a result of the fact that most qualified mechanics and similar auto technician professionals in China are male. However, we comply with all equal opportunity laws and regulations in the areas where we operate, and are committed to offering equal pay for men and women doing equivalent jobs.

Apart from offering employees competitive salary packages, the company also provides generous annual performance bonuses and on occasions provides operational staff with group tours. The company formally adopted a share option scheme this year, aimed at providing incentives to existing staff and helping the Group attract new high-calibre candidates. The Group is a family-friendly employer, and in general operates according to a basic five-day working week. It also lays on regular gatherings such as sports days, staff birthday parties and an annual dinner etc. for its staff, and offers flexible leave arrangements to enable staff to pursue professional examinations and other career advancement avenues. The benefits of making the Group an excellent working environment for employees can be seen in its very stable staff turnover rates, and the high proportion of long-term employees.

Corporate Social Responsibility Report

Our Group makes the health and safety of its employees a very high priority. To this end, we have looked closely at the safety rules and procedures most appropriate for our industry, and adapted them to the context of our operations. As we operate in more than one jurisdiction (Hong Kong, Singapore and the PRC), we have also looked closely at the different regulations for each area to ensure we abide by all local legal requirements.

A total of 163 staff provide either technical services or logistical support for the Group's operations, and these are the areas in which safety issues have most relevance for the purposes of this report. We take care that the working conditions, tools, equipment and machinery used or operated by these staff are kept in excellent working order and that all staff are fully trained on their safe operation. Regular on-the-job training to newer staff is provided by our more experienced staff and supervisor team, to ensure that a consistent safety philosophy is communicated right across our operations. New technicians in workshops are provided with specific safety training as specified by BMW AG. The safety culture is supported by our use of the latest in equipment and machinery as required by BMW AG, one of the leading vehicle manufacturers in the world, for all its authorised distributors.

In the year under review, no fatal or serious accidents were recorded anywhere across the Group's operations, and the Group did not experience any significant disruption to its business operations due to days lost because of injury. These excellent health and safety results are a direct result of the Group's efforts to safeguard its employees, by providing appropriate workplace safety training and by ensuring that all areas of the Group's operations are well-equipped and designed with safety in mind.

The Group provides its staff with clear and viable opportunities for self-development and career advancement within the company. It carries out regular performance assessments on a half-yearly or yearly basis, enabling staff to gain an accurate sense of their prospects and of potential future career paths. Salaries are reviewed annually for each grade of staff by the Human Resources Department and top management, to ensure that our remuneration packages remain competitive. This enables the Group to retain high quality staff and provide them with strong incentives for performing well.

As vehicle designs change and their technical specifications become more proprietary and increasingly complex, we utilise the skills of our senior technical staff by commissioning them to conduct on-the-job training and guidance for less experienced staff. In addition, visiting BMW representatives provided regular theoretical training. Continuous training on repair and maintenance procedures, monitored by engineers of BMW Germany on site, is given to our technicians. These are regularly assessed to ensure they master the standards of the premium automobile manufacturers whose vehicles we distribute. Customer service and sales personnel are also provided with specialist training in the automobiles and parts that we sell. The result is a win-win situation: we ensure our Group services are leading the field, while at the same time our employees are stimulated and challenged to perform to their best potential.

Corporate Social Responsibility Report

THE ENVIRONMENT

The nature of the Group's business does not involve it directly in the consumption of natural resources, and its distributorship role means it is not directly contributing to emissions. Naturally, the automobile industry as a whole is implicated in global emissions; this is part of the nature of the industry. However, the Group does distribute high-end and high quality mass market vehicles manufactured by the very best European manufacturers, most of which are at the cutting edge of advances in reducing emissions and developing clean engine technology. By distributing these types of vehicles and providing excellent, efficient service and genuine replacement parts to keep its cars running at optimum efficiency, the Group is in a small way contributing to improving the environment in China, which has long been plagued by inefficient and highly polluting vehicles. The Group is proud that the high-end vehicles it distributes are some of the most efficient and technically advanced in terms of environmental impact in the world.

Meanwhile, the Group's own services of vehicle repair and vehicle servicing are carried out to very high levels of cleanliness and attention to the environment. For instance, waste products such as used car parts and used motor oil are disposed of according to all relevant local regulations, and with scrupulous attention to avoiding pollution and minimising any impact on the environment. Very high standards are also maintained in areas such as the drainage of waste water from car cleaning operations, and the use of organic solvents in car painting activities. Our workshops are all located in specific areas designated for the use of the automobile industry as authorised by the PRC government. These areas offer high technology facilities, and facilitate and encourage the use of local suppliers and resources. Besides daily operations, the Group started to use FSC-certified papers in bulk-printing its annual report this year to further support environment protection.

Independent Auditor's Report

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To the shareholders of G.A. Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of G.A. Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 95, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lee Ming Wai
Practising Certificate no. P05682

Hong Kong, 24 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	6	**495,526**	422,862
Other income	8	**103,361**	53,938
Changes in inventories	9.1	**(14,348)**	53,809
Auto parts and accessories, and motor vehicles purchased	9.1	**(274,872)**	(286,124)
Employee benefit expenses	12	**(59,306)**	(59,716)
Depreciation and amortisation		**(25,040)**	(20,301)
Operating lease charges		**(19,710)**	(19,745)
Exchange differences, net		**(7,913)**	(3,489)
Impairment loss on goodwill	16	**(3,750)**	–
Other expenses		**(74,821)**	(65,371)
Profit from operations		**119,127**	75,863
Finance costs	9.2	**(8,162)**	(9,266)
Profit before income tax	9	**110,965**	66,597
Income tax expense	10	**(25,953)**	(16,160)
Profit for the year		**85,012**	50,437
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(39,310)**	(6,400)
Reclassification adjustment for exchange differences on disposal of subsidiaries	40	**(836)**	–
Other comprehensive income for the year		**(40,146)**	(6,400)
Total comprehensive income for the year		**44,866**	44,037

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit/(Loss) for the year attributable to:			
Owners of the Company		**96,008**	56,202
Non-controlling interests		**(10,996)**	(5,765)
		85,012	50,437
Total comprehensive income for the year attributable to:			
Owners of the Company		**57,035**	50,178
Non-controlling interests		**(12,169)**	(6,141)
		44,866	44,037
		HK cents	HK cents
Earnings per share			
Basic and diluted	11	**20.16**	11.80

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**98,567**	107,316
Leasehold lands	14	**4,206**	4,564
Prepaid rental expenses	15	**31,402**	34,229
Goodwill	16	**–**	3,759
		134,175	149,868
Current assets			
Inventories	17	**92,733**	107,081
Trade receivables	18	**102,430**	116,550
Prepayments, deposits and other receivables	19	**335,770**	331,856
Pledged deposits	20	**23,945**	20,935
Cash and bank balances	20	**86,413**	34,272
		641,291	610,694
Current liabilities			
Trade payables	21	**37,917**	18,598
Accruals and other payables	22	**43,573**	112,510
Borrowings	23	**105,707**	90,718
Amounts due to related companies	24	**293**	311
Amounts due to directors	25	**27,315**	28,050
Tax payable		**14,641**	8,684
		229,446	258,871
Net current assets		**411,845**	351,823
Total assets less current liabilities		**546,020**	501,691

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Borrowings	23	**6,312**	6,893
Deferred tax liabilities	26	**4,083**	2,208
		10,395	9,101
Net assets		**535,625**	492,590
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	**47,630**	47,630
Reserves	28	**475,633**	418,598
		523,263	466,228
Non-controlling interests	29	**12,362**	26,362
Total equity		**535,625**	492,590

On behalf of the Board:

Loh Boon Cha
Director

Choy Choong Yew
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Attributable to owners of the Company							
	Share capital HK$'000 (Note 27)	Share premium* HK$'000 (Note 28)	Capital reserve* HK$'000 (Note 28)	Translation reserve* HK$'000 (Note 28)	Retained profits* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	47,630	29,522	8,623	44,351	285,924	416,050	32,503	448,553
Profit/(Loss) for the year	–	–	–	–	56,202	56,202	(5,765)	50,437
Other comprehensive income:								
Exchange difference arising on translation of foreign operations	–	–	–	(6,024)	–	(6,024)	(376)	(6,400)
Total comprehensive income for the year	–	–	–	(6,024)	56,202	50,178	(6,141)	44,037
At 31 December 2014 and 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit/(Loss) for the year	–	–	–	–	96,008	96,008	(10,996)	85,012
Other comprehensive income:								
Exchange difference arising on translation of foreign operations	–	–	–	(38,137)	–	(38,137)	(1,173)	(39,310)
Reclassification adjustment for exchange differences on disposal of subsidiaries (Note 40)	–	–	–	(836)	–	(836)	–	(836)
Other comprehensive income for the year	–	–	–	(38,973)	–	(38,973)	(1,173)	(40,146)
Total comprehensive income for the year	–	–	–	(38,973)	96,008	57,035	(12,169)	44,866
Transaction with owners:								
Disposal of subsidiaries (Note 40)	–	–	–	–	–	–	(1,831)	(1,831)
At 31 December 2015	47,630	29,522	8,623	(646)	438,134	523,263	12,362	535,625

* The total balances of these equity accounts at the reporting date of HK$475,633,000 (2014: HK$418,598,000) represent reserves in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit before income tax		110,965	66,597
Adjustments for:			
Finance costs	9.2	8,162	9,266
Interest income	8	(724)	(488)
Gain on disposal of property, plant and equipment	9.3	(2,747)	(1,632)
Depreciation of property, plant and equipment	9.3	24,081	19,269
Write-off of property, plant and equipment	9.3	–	63
Amortisation of prepaid rental expenses	9.3	863	936
Amortisation of prepaid operating land lease payments	9.3	96	96
Reversal of impairment loss on trade receivables	9.3	(84)	(3,015)
Impairment loss on inventories	9.3	1,864	–
Reversal of accruals and other payables	9.3	–	(6,767)
Impairment loss on goodwill		3,750	–
Waiver of interest payable	8	(45,626)	–
Gain on disposal of subsidiaries	8	(2,667)	–
Operating profit before working capital changes		97,933	84,325
Decrease/(increase) in inventories		5,765	(53,809)
Decrease/(increase) in trade receivables		8,449	(972)
Increase in prepayments, deposits and other receivables		(24,424)	(16,632)
Increase/(decrease) in trade payables		21,242	(557)
(Decrease)/increase in accruals and other payables		(24,049)	22,689
Decrease in bills payable		–	(16,987)
Cash generated from operations		84,916	18,057
Interest received		724	488
Interest paid for bank borrowings		(6,888)	(8,161)
Interest element of finance lease rental payments paid		(1,274)	(1,105)
Income tax paid		(18,188)	(22,315)
Income tax refund		859	–
Net cash from/(used in) operating activities		60,149	(13,036)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		3,870	2,226
Increase in pledged deposits		(4,405)	(10,943)
Purchase of property, plant and equipment		(7,444)	(15,044)
Net cash used in investing activities		(7,979)	(23,761)

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from financing activities		
New bank loans	**247,965**	104,033
Repayment of borrowings	**(222,442)**	(62,506)
Capital element of finance lease rental payments	**(17,477)**	(14,760)
Net movement in balance with directors	**823**	(4,374)
Net cash from financing activities	**8,869**	22,393
Net increase/(decrease) in cash and cash equivalents	**61,039**	(14,404)
Translation adjustments	**(8,898)**	(5,360)
Cash and cash equivalents at the beginning of the year	**34,272**	54,036
Cash and cash equivalents at the end of the year	**86,413**	34,272
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**86,413**	34,272

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

1. GENERAL INFORMATION

G. A. Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 5 July 2001. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange.

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 consolidated financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board of Directors on 24 March 2016.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective on 1 January 2015

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profits or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers *(Continued)*

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

(c) Disclosure requirements of new Companies Ordinance

The disclosure requirements set out in the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, (Cap. 622). These new disclosure requirements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new disclosure requirements of the Hong Kong Companies Ordinance, (Cap. 622), impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the consolidated financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or revised HKFRSs and the impacts on the consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGUs that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.4 Foreign currency translation

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.4 Foreign currency translation *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

4.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of rebates and discounts and after eliminating sales within the Group. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Services fees are recognised when the relevant services are rendered.

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on a time proportion basis using the effective interest method.

4.6 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

The gain or loss arising on the retirement of disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the costs over the estimated useful lives, as follows:

Buildings	1.5% per annum
Leasehold improvements	10% to 50% per annum
Plant and machinery	10% to 33.3% per annum
Motor vehicles	20% to 33.3% per annum
Furniture and equipment	10% to 33.3% per annum

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.6 Property, plant and equipment *(Continued)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

4.7 Leasehold land

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 4.9. Amortisation is calculated on a straight line basis over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

4.8 Impairment of non-financial assets

The Group's property, plant and equipment, leasehold lands, prepaid rental expenses and goodwill and the Company's interest in subsidiaries are subject to impairment testing.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

All individual assets or CGUs with an indefinite useful life and those not yet available for use are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.9 Leases *(Continued)*

(i) ***Classification of assets leased to the Group***

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) ***Assets acquired under finance leases***

Where the Group acquires the right to use the assets under finance leases, the amounts representing the fair values of the leased asset, or, if lower, the present values of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liabilities are reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) ***Operating lease charges as the lessee***

Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iv) ***Assets leased out under operating leases as the lessor***

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 Financial assets

The Group's financial assets include trade receivables, deposits and other receivables, pledged deposits and cash and bank balances.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Financial assets are classified as loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Derecognition occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss for loans and receivables is measured and recognised. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.10 Financial assets *(Continued)*

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss in the period in which the reversal occurs.

4.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Inventories comprise fully-assembled motor vehicles and auto parts. Cost includes purchase and other costs incurred in bringing the inventories to their present location and condition using First-in First-out basis and specific basis as appropriate.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.12 Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.12 Accounting for income taxes *(Continued)*

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from equity (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

4.15 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.16 Retirement benefit costs and short term employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group contributes a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees and those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiary which operates in the Peoples' Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.17 Financial liabilities

The Group's financial liabilities include bank loans, trade and other payables, amounts due to related companies and directors and finance lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised with the Group's accounting policy for borrowing costs (see note 4.15).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.17 Financial liabilities *(Continued)*

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.19 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.19 Related parties

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4.20 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.21 Segment reporting

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 segment – Sales of motor vehicles and provision of car-related technical services ("Activity 1")

- Servicing segment – Servicing of motor vehicles and sales of auto parts ("Activity 2")

- Commission income from sales of cars from 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.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that rental income, income tax and corporate income and expenses including certain finance costs which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude corporate assets which are not directly attributable to business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

Impairment of receivables

Assessment for impairment of receivables of the Group is based on the evaluation of collectibility and ageing analysis of accounts and on management's judgement. A considerable amount of judgement and estimates are required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer and debtor. If the financial condition of the debtors was to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

Impairment of property, plant and equipment

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Depreciation and amortisation

The Group depreciated the property, plant and equipment on a straight-line basis over the estimated useful lives, starting from the date on which the assets are available for productive use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Impairment of inventories

The management of the Group reviews an aging analysis at the end of the reporting period and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in providing repairing and maintenance service or sale. The management estimates the net realisable value for motor vehicles, auto parts and accessories based primarily on the latest selling and purchase prices and on current market conditions. The Group carries out an inventory review on a item-by-item basis at the end of the reporting period and makes allowance for slow-moving inventories. If the market condition was to deteriorate, resulting in a lower net realisable value for such inventories, additional allowances may be required.

Income taxes

The Group is subject to income taxes in Hong Kong, the PRC and Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Impairment of goodwill

Determinate whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allotted. The value in use calculation requires the directors to estimate, the future cash flows expected to arise from the cash engineering unit and a suitable discount rate in order to calculate the present value.

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for the year ended 31 December 2015

6. REVENUE

The Group is principally engaged in (i) sales of motor vehicles, (ii) provision of car-related technical services and (iii) servicing of motor vehicles and sale of auto parts. Revenue generated from these principal activities recognised during the year is as follows:

	2015 HK$'000	2014 HK$'000
Sales of motor vehicles	**113,464**	51,343
Servicing of motor vehicles and sales of auto parts	**355,675**	345,215
Technical fee income	**26,387**	26,304
	495,526	422,862

7. SEGMENT INFORMATION

The Executive Directors have identified the Group's 3 product and service lines as operating segments as further described in note 4.21.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

(a) Segment revenue, segment results and other segment information

	2015			
	Activity 1 HK$'000	**Activity 2 HK$'000**	**Activity 3 HK$'000**	**Total HK$'000**
Reportable segment revenue#	**139,851**	**355,675**	**–**	**495,526**
Reportable segment (loss)/profit	**(5,141)**	**56,776**	**–**	**51,635**
Other Information				
Depreciation and amortisation of non-current assets	**(6,712)**	**(5,494)**	**–**	**(12,206)**
Impairment loss on goodwill	**(3,750)**	**–**	**–**	**(3,750)**
Impairment loss on inventories	**(1,864)**	**–**	**–**	**(1,864)**
Reversal of impairment loss on trade receivables	**84**	**–**	**–**	**84**
Addition to non-current assets during the year	**1,671**	**2,725**	**–**	**4,396**

No inter-segment sale for the year ended 31 December 2015.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

7. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, segment results and other segment information *(Continued)*

	2014			
	Activity 1 HK$'000	Activity 2 HK$'000	Activity 3 HK$'000	Total HK$'000
Revenue				
From external customers	77,647	345,215	–	422,862
From other segments	–	–	24	24
Reportable segment revenue	77,647	345,215	24	422,886
Reportable segment profit	4,677	45,405	24	50,106
Other Information				
Depreciation and amortisation of non-current assets	(2,655)	(6,271)	–	(8,926)
Write-off of property, plant and equipment	–	(63)	–	(63)
Reversal of impairment loss on trade receivables	3,015	–	–	3,015
Reversal of accruals and other payables	3,061	–	–	3,061
Addition to non-current assets during the year	23,582	2,701	–	26,283

(b) Segment assets and liabilities

	As at 31 December 2015			
	Activity 1 HK$'000	**Activity 2 HK$'000**	**Activity 3 HK$'000**	**Total HK$'000**
Reportable segment assets	**143,877**	**464,439**	**–**	**608,316**
Reportable segment liabilities	**89,503**	**78,526**	**–**	**168,029**

	As at 31 December 2014			
	Activity 1 HK$'000	Activity 2 HK$'000	Activity 3 HK$'000	Total HK$'000
Reportable segment assets	242,819	418,805	–	661,624
Reportable segment liabilities	67,129	79,795	–	146,924

7. SEGMENT INFORMATION *(Continued)*

(c) Reconciliation of segment information to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2015 HK$'000	2014 HK$'000
Reportable segment revenue	**495,526**	422,886
Elimination of inter segment revenue	**–**	(24)
Group revenue	**495,526**	422,862
Reportable segment profit	**51,635**	50,106
Car rental income	**27,075**	24,791
Other income	**76,286**	26,086
Unallocated corporate expenses		
Employee benefit expenses	**(10,503)**	(8,774)
Depreciation and amortisation	**(12,834)**	(11,375)
Operating leases charges	**(1,889)**	(1,787)
Others	**(16,678)**	(11,683)
Unallocated finance costs	**(2,127)**	(743)
Elimination of inter segment profits	**–**	(24)
Profit before income tax	**110,965**	66,597
Reportable segment assets	**608,316**	661,624
Non-current corporate assets (Note (i))	**36,549**	35,467
Current corporate assets (Note (ii))	**130,601**	63,471
Consolidated total assets	**775,466**	760,562
Reportable segment liabilities	**168,029**	146,924
Non-current corporate liabilities (Note (iii))	**10,395**	9,101
Current corporate liabilities (Note (iv))	**61,417**	111,947
Consolidated total liabilities	**239,841**	267,972

Notes:

(i) Non-current corporate assets mainly include property, plant and equipment that are not directly attributable to the business activities of the operating segments.

(ii) Current corporate assets mainly include receivables, prepayment, deposits paid, bank balances and pledged deposits that are not directly attributable to the business activities of the operating segments or that are managed on group basis.

(iii) Non-current corporate liabilities include deferred tax liabilities and borrowings that are not directly attributable to the business activities of the operating segments.

(iv) Current corporate liabilities include payables, accruals, tax liabilities and borrowings that are not directly attributable to the business activities of the operating segments or that are managed on group basis.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

7. SEGMENT INFORMATION *(Continued)*

(d) 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore	**–**	–	**3,383**	3,566
The PRC	**495,526**	422,862	**94,243**	110,836
Hong Kong (Place of domicile)	**–**	–	**36,549**	35,466
	495,526	422,862	**134,175**	149,868

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 or location of operation in case of goodwill.

For the year ended 31 December 2015, no revenue from a single customer accounted for 10% or more of the Group's revenue. For the year ended 31 December 2014, revenue of HK$44,216,000 were derived from a single customer in the PRC, which accounted for 10.5% of the total revenue of the Group.

8. OTHER INCOME

	2015	2014
	HK$'000	HK$'000
Car rental income	**27,075**	24,791
Interest income on financial assets stated at amortised cost	**724**	488
Financial guarantee income	**3,304**	488
Commission income	**18,000**	16,512
Waiver of interest payable *(Note)*	**45,626**	–
Gain on disposal of subsidiaries	**2,667**	–
Sundry income	**5,965**	11,659
	103,361	53,938

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. Income arising from waiver of interest and related costs of HK$45,626,000 (2014: Nil) was recognised during the year upon settlement of the outstanding principal debt by the Group.

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

		2015 HK$'000	2014 HK$'000
9.1	**Changes in inventories**		
	– Motor vehicles	**11,412**	(45,014)
	– Auto parts and accessories	**2,936**	(8,795)
		14,348	(53,809)
	Auto parts and accessories, and motor vehicles purchased		
	– Motor vehicles	**99,145**	91,563
	– Auto parts and accessories	**175,727**	194,561
		274,872	286,124
		289,220	232,315
9.2	**Finance costs on financial liabilities stated at amortised cost**		
	Interest charges on bank loans and other borrowings	**6,888**	8,161
	Interest element of finance lease payments	**1,274**	1,105
		8,162	**9,266**
9.3	**Other items**		
	Auditor's remuneration	**635**	527
	Depreciation of property, plant and equipment*	**24,081**	19,269
	Gain on disposal of property, plant and equipment	**(2,747)**	(1,632)
	Write-off of property, plant and equipment	**–**	63
	Amortisation of prepaid rental expenses	**863**	936
	Amortisation of prepaid operating land lease payments	**96**	96
	Reversal of impairment loss on trade receivables	**(84)**	(3,015)
	Impairment loss on inventories	**1,864**	–
	Reversal of accruals and other payables	**–**	(6,767)

* Amount included depreciation charge of HK$6,255,000 (2014: HK$6,822,000) for the Group's assets held under finance leases.

10. INCOME TAX EXPENSE

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 year at the rate of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25% (2014: 25%).

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10. INCOME TAX EXPENSE *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Current tax – Hong Kong		
Charge for the year	**1,305**	1,836
Over-provision in prior years	**(681)**	(2,358)
Current tax – Overseas		
Charge for the year	**23,393**	19,257
Under/(over)-provision in prior years	**61**	(3,511)
Current tax – total	**24,078**	15,224
Deferred tax (Note 26)	**1,875**	936
Total income tax expense	**25,953**	16,160

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015 HK$'000	2014 HK$'000
Profit before income tax	**110,965**	66,597
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**23,221**	15,409
Non-deductible expenses	**13,469**	10,701
Non-taxable revenue	**(3,431)**	(4,877)
Over-provision in prior years	**(620)**	(5,869)
Utilisation of tax losses previously not recognised (Note)	**(8,049)**	-
Others	**1,363**	796
Income tax expense	**25,953**	16,160

Note:

The unused tax losses were incurred by a subsidiary which have been utilised during the year for offset against the tax effect arising form the waiver of interest payable as disclosed in note 8.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the owners of the Company for the year of approximately HK$ 96,008,000 (2014: HK$56,202,000) and on the weighted average number of 476,300,000 (2014: 476,300,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2015 and 2014 are the same as the basic earnings per share as there was no dilutive potential ordinary share for the years ended 31 December 2015 and 2014.

12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2015 HK$'000	2014 HK$'000
Salaries and wages	**51,464**	52,965
Other benefits	**7,276**	6,070
Pension costs – defined contribution plans	**566**	681
	59,306	59,716

12.1 Directors' emoluments

Executive Directors and Independent Non-Executive Directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plan HK$'000	Total HK$'000
2015					
Executive Directors					
Mr. Loh Boon Cha	**–**	**–**	**–**	**–**	**–**
Mr. Loh Nee Peng (Resigned on 20 August 2015)	**–**	**650**	**–**	**–**	**650**
Mr. Lin Ju Zheng	**–**	**224**	**–**	**–**	**224**
Mr. Choy Choong Yew	**–**	**1,309**	**–**	**34**	**1,343**
Mr. Tan Cheng Kim (Resigned on 16 March 2016)	**–**	**440**	**247**	**57**	**744**
Mr. Yeung Chak Sang (Resigned on 16 November 2015)	**–**	**1,420**	**–**	**15**	**1,435**
Mr. Ma Hang Kon, Louis (Appointed on 16 November 2015)	**–**	**198**	**–**	**3**	**201**
Mr. Zhang Xi (Appointed on 23 September 2015)	**–**	**50**	**–**	**–**	**50**
Independent Non-Executive Directors					
Mr. Lee Kwok Yung (Resigned on 16 November 2015)	**105**	**–**	**–**	**–**	**105**
Mr. Yin Bin	**224**	**–**	**–**	**–**	**224**
Ms. Song Qi Hong	**149**	**–**	**–**	**–**	**149**
Mr. Wong Jacob (Resigned on 20 August 2015)	**144**	**–**	**–**	**–**	**144**
Mr. Zhou Ming (Appointed on 16 November 2015)	**27**	**–**	**–**	**–**	**27**
	649	**4,291**	**247**	**109**	**5,296**

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12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

12.1 Directors' emoluments *(Continued)*

***Executive Directors and Independent Non-Executive Directors** (Continued)*

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contribution to defined contribution plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2014					
Executive Directors					
Mr. Loh Boon Cha	–	–	–	–	–
Mr. Loh Nee Peng	–	1,103	–	59	1,162
Mr. Lin Ju Zheng	–	226	–	–	226
Mr. Choy Choong Yew	–	1,357	189	32	1,578
Mr. Tan Cheng Kim	–	473	280	87	840
Mr. Yeung Chak Sang	–	804	201	17	1,022
Independent Non-Executive Directors					
Mr. Lee Kwok Yung	120	–	–	–	120
Mr. Yin Bin	227	–	–	–	227
Ms. Song Qi Hong	151	–	–	–	151
Mr. Wong Jacob	226	–	–	–	226
	724	3,963	670	195	5,552

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director for the year

12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

12.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2014: four) directors whose emoluments are included in the analysis presented above. The emoluments payable to the remaining two (2014: one) individual during the year are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	1,503	1,006
Contributions to defined contribution plan	72	–
	1,575	1,006

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
Nil to HK$1,000,000	2	–
HK$1,000,001 to HK$1,500,000	–	1

12.3 Key management personnel compensation

	2015 HK$'000	2014 HK$'000
Short term employee benefits	6,690	6,363
Post-employment benefits	181	195
	6,871	6,558

Notes to the Consolidated Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture and equipment HK$'000	Total HK$'000
At 1 January 2014						
Cost	2,970	48,447	22,517	61,427	14,654	150,015
Accumulated depreciation and impairment	(2,173)	(7,795)	(17,441)	(31,999)	(10,498)	(69,906)
Net carrying amount	797	40,652	5,076	29,428	4,156	80,109
Year ended 31 December 2014						
Opening net carrying amount	797	40,652	5,076	29,428	4,156	80,109
Exchange differences	(8)	(437)	(69)	(10)	(57)	(581)
Additions	–	12,387	3,742	24,688	6,897	47,714
Disposals	–	–	–	(594)	(63)	(657)
Depreciation	(18)	(3,130)	(2,245)	(12,032)	(1,844)	(19,269)
Closing net carrying amount	771	49,472	6,504	41,480	9,089	107,316
At 31 December 2014						
Cost	2,970	60,834	26,259	85,521	21,551	197,135
Accumulated depreciation and impairment	(2,199)	(11,362)	(19,755)	(44,041)	(12,462)	(89,819)
Net carrying amount	771	49,472	6,504	41,480	9,089	107,316
Year ended 31 December 2015						
Opening net carrying amount	**771**	**49,472**	**6,504**	**41,480**	**9,089**	**107,316**
Exchange differences	**(44)**	**(2,695)**	**(311)**	**(277)**	**(425)**	**(3,752)**
Additions	**–**	**338**	**824**	**18,413**	**632**	**20,207**
Disposals/written off	**–**	**–**	**–**	**(1,122)**	**(1)**	**(1,123)**
Depreciation	**(12)**	**(4,950)**	**(1,729)**	**(14,793)**	**(2,597)**	**(24,081)**
Closing net carrying amount	**715**	**42,165**	**5,288**	**43,701**	**6,698**	**98,567**
At 31 December 2015						
Cost	**2,970**	**61,172**	**27,083**	**102,812**	**22,182**	**216,219**
Accumulated depreciation and impairment	**(2,255)**	**(19,007)**	**(21,795)**	**(59,111)**	**(15,484)**	**(117,652)**
Net carrying amount	**715**	**42,165**	**5,288**	**43,701**	**6,698**	**98,567**

The net carrying amount of the motor vehicles of the Group includes an amount of approximately HK$28,684,000 (2014: HK$33,947,000) in respect of assets held under finance leases.

14. LEASEHOLD LANDS

The Group's interests in leasehold lands represent prepaid operating lease payments and their net carrying amounts are analysed as follows:

	2015 HK$'000	2014 HK$'000
Opening net carrying amount at 1 January	**4,564**	4,709
Amortisation	**(96)**	(96)
Exchange differences	**(262)**	(49)
Closing net carrying amount at 31 December	**4,206**	4,564

15. PREPAID RENTAL EXPENSES

	2015 HK$'000	2014 HK$'000
Opening net carrying amount at 1 January	**35,128**	36,470
Amortisation	**(863)**	(936)
Exchange differences	**(2,026)**	(406)
Closing net carrying amount at 31 December	**32,239**	35,128
Less: Current portion included in prepayments, deposits and other receivables (note 19)	**(837)**	(899)
Non-current portion	**31,402**	34,229

The balance represents rental prepaid for using certain motor vehicle showroom, service centres and related facilities located at Beijing and Fujian for a period of 50 years. Such prepaid rental is amortised over the lease term of 50 years.

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16. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost		
At 1 January	3,759	3,798
Exchange adjustment	(9)	(39)
At 31 December	3,750	3,759
Accumulated impairment		
At 1 January	–	–
Impairment loss recognised	(3,750)	–
At 31 December	(3,750)	–
Carrying amount	–	3,759

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit ("CGU") to which goodwill has been allocated. The recoverable amount of the CGU is determined based on the value in use calculation which requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The recoverable amounts of the CGU to which the goodwill is allocated, being car dealership conducted by a subsidiary, Fuzhou Euro Motors Sales & Services Co. Ltd ("Fuzhou Euro") which was acquired by the Group in 2013, have been determined based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2014: 3%), which does not exceed the long-term growth rate for the automobile industry in the PRC. Discount rate is 10% (2014: 13%) which is pre-tax and reflect specific risks relating to the relevant CGU. Operating margin is 9% (2014: 12%) which has been determined with reference to actual performance during the period and the expected market development.

During the year, due to the prolonged impact arising from the anti-extravagance policy in the PRC and the sluggish sale market of ultra-luxury automobiles, the sales of Fuzhou Euro was adversely affected and it cannot meet the sales target previously set. This had an adverse impact on the estimated value in use of the CGU and an impairment loss on goodwill of HK$3,750,000 was recognised in profit or loss during the year ended 31 December 2015.

17. INVENTORIES

	2015 HK$'000	2014 HK$'000
Motor vehicles	**58,631**	70,043
Auto parts and accessories	**34,102**	37,038
	92,733	107,081

A provision of HK$254,000 (2014: Nil) made in prior years against the carrying value of spare parts have been reversed. This reversal arose due to the utilisation of these spare parts for customers with specific needs.

18. TRADE RECEIVABLES

At 31 December 2015, the ageing analysis of trade receivables, based on invoice date, was as follows:

	2015 HK$'000	2014 HK$'000
0 – 90 days	**40,931**	20,863
91 – 180 days	**22,576**	20,710
181 – 365 days	**25,506**	32,809
Over 1 year	**14,913**	43,842
	103,926	118,224
Less: allowance for impairment of receivables	**(1,496)**	(1,674)
	102,430	116,550

In addition to the advances to Zhong Bao Group as disclosed in note 19, the Group's trade receivables included trade debts of HK$93,689,000 (2014: HK$108,178,000) due from Zhong Bao Group as at 31 December 2015.

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18. TRADE RECEIVABLES *(Continued)*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amounts are remote, in which case the impairment losses are written off against trade receivables directly. The movement in the allowance for impairment of trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**1,674**	4,708
Reversal of impairment loss during the year	**(84)**	(3,015)
Exchanges differences	**(94)**	(19)
At 31 December	**1,496**	1,674

At each reporting date, the Group's trade receivables were individually determined to assess if they are impaired. The individually impaired receivables are recognised based on the credit history of the customers.

Except for the collateral as stated in note 19, none of the Group's receivables are secured by collateral or other credit enhancements.

The Group requires individual customers to pay cash for any service rendered and goods sold while it generally allows a credit period from 3 months to 9 months to its major customers with long business relationship. The ageing analysis of trade receivables that are past due but not impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**62,785**	64,286
1 – 90 days past due	**14,603**	19,322
91 – 180 days past due	**11,340**	12,681
Over 180 days past due	**13,702**	20,261
	39,645	52,264
	102,430	116,550

Trade receivables that were past due but not impaired related to a certain number of customers that had a good track record of credit with the Group. Based on the past credit history, management believed that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Advances to Zhong Bao Group (note)	**244,401**	219,138
Current portion of prepaid rental expenses (note 15)	**837**	899
Other receivables, prepayments and deposits paid	**90,532**	111,819
	335,770	331,856

Note:

The Group has maintained long term business relationship with Xiamen Zhong Bao Automobiles Co., Limited ("Xiamen Zhong Bao") and its related companies (collectively, "Zhong Bao Group"). Pursuant to the technical and management service agreement (the "technical agreement") entered into between the Group and Xiamen Zhong Bao on 7 October 2003, the Group would provide technical expertise, management service and financial assistance to Xiamen Zhong Bao for its motor vehicles trading business. In return, Xiamen Zhong Bao will pay technical fee to the Group based on the actual quantity of specified car model sold by Xiamen Zhong Bao. On 8 January 2006 and 7 March 2007, the Group entered into similar agreements separately with Fuzhou Zhong Bao Automobiles Co., Ltd., Quanzhou Fubao Automobiles Co., Ltd and Tianjin Tianbao Automobiles Co., Ltd, group entities of Zhong Bao Group. The abovementioned technical agreements are subsequently amended from time to time mainly for term of technical fee charges. Advances have been made by the Group pursuant to those technical agreements to finance the operations of those relevant group entities within Zhong Bao Group related to distribution of locally manufactured BMW motor vehicles in the PRC.

Other than the above, the Group sells motor vehicles auto parts and provide motor vehicles services to the customers of Zhong Bao Group. Trade receivables arising from the above transactions including advances made to Zhong Bao Group outstanding as at 31 December 2015 amounted to HK$338,090,000 (2014: HK$327,316,000), which was reduced to HK$335,818,000 (2014: HK$324,176,000) after netting off the trade and other payables balances due by the Group to Zhong Bao Group. The amount is interest free and repayable on demand.

On 19 March 2015, the Group entered into repayment agreement with Xiamen Zhong Bao (the "2015 Repayment Agreement") pursuant to which Xiamen Zhong Bao agreed to settle the outstanding net amount of receivables due by Zhong Bao Group as at 31 December 2014 by instalments by 30 September 2015. Pursuant to the 2015 Repayment Agreement, all of the existing motor vehicles purchased by Xiamen Zhong Bao were pledged to the Group as security for the repayment. In addition, all motor vehicles purchased by Xiamen Zhong Bao subsequent to 19 March 2015 were also pledged to the Group until full settlement of the amount due by Zhong Bao Group, including the new advances or trade receivables arose subsequent to 19 March 2015. The Group will release the pledge of those motor vehicles upon full settlement of all outstanding balances due by Zhong Bao Group.

The 2015 Repayment Agreement which remains effective as long as there are outstanding balances due by Zhong Bao Group provide safeguard for the balances due by Zhong Bao Group.

Having considered the financial position of Zhong Bao Group, and in view of collateral in place by virtue of the 2015 Repayment Agreement and satisfactory settlement record of Zhong Bao Group in the past, the directors are of the opinion that the net amount due by Zhong Bao Group amounting to HK$335,818,000 as at 31 December 2015 are fully recoverable and no impairment provision is necessary.

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20. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**86,413**	34,272
Pledged deposits:		
Guarantee money in respect of security of suppliers	**10,161**	10,791
For banking facilities granted to the Group (Note 23.1)	**13,784**	10,144
	23,945	20,935
	110,358	55,207

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged deposits are made for various periods of one month to one year and earn interest at rates ranging from 0.35% to 3.00% (2014: 0.17% to 3.06%) per annum.

At the reporting date, the cash and bank balances and pledged deposits of the Group denominated in RMB amounted to approximately HK$95,852,000 (2014: HK$36,511,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	**31,064**	13,366
31 – 180 days	**4,720**	2,037
181 – 365 days	**811**	952
1 – 2 years	**1,222**	1,306
Over 2 years	**100**	937
	37,917	18,598

The credit period of the Group is usually 3 months.

22. ACCRUALS AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Accruals	5,234	47,085
Deposit received	23,156	39,610
Other payables	13,125	23,134
Financial guarantee liabilities	1,876	2,638
Pension and other employee obligation	182	43
	43,573	112,510

23. BORROWINGS

2015

	Secured HK$'000	Unsecured HK$'000	Total secured and unsecured HK$'000	Guaranteed HK$'000	Unguaranteed HK$'000	Total Guaranteed and Unguaranteed HK$'000
Non-current						
Finance lease liabilities	6,312	–	6,312	5,614	698	6,312
Current						
Bank loans	45,968	48,638	94,606	73,114	21,492	94,606
Finance lease liabilities	11,101	–	11,101	9,872	1,229	11,101
	57,069	48,638	105,707	82,986	22,721	105,707
Total	63,381	48,638	112,019	88,600	23,419	112,019

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23. BORROWINGS *(Continued)*

2014

	Secured HK$'000	Unsecured HK$'000	Total secured and unsecured HK$'000	Guaranteed HK$'000	Unguaranteed HK$'000	Total guaranteed and unguaranteed HK$'000
Non-current						
Finance lease liabilities	6,893	–	6,893	5,883	1,010	6,893
Current						
Bank loans	46,282	28,150	74,432	46,282	28,150	74,432
Finance lease liabilities	16,286	–	16,286	13,006	3,280	16,286
	62,568	28,150	90,718	59,288	31,430	90,718
Total	69,461	28,150	97,611	65,171	32,440	97,611

23.1 Bank loans

Certain of the Group's bank loans are secured by:

(i) the Group's bank deposits amounting to HK$13,784,000 (2014: HK$10,144,000);

(ii) certain assets of Zhong Bao Group;

(iii) guarantee provided by certain group companies of Zhong Bao Group; and

(iv) personal guarantee provided by a director and another director who resigned during the year.

23.2 Finance lease liabilities

The analysis of the obligations under finance leases is as follows:

	2015 HK$'000	2014 HK$'000
Due within one year	**11,679**	17,293
Due over one year but less than two years	**5,101**	5,550
Due over two years but less than five years	**1,356**	1,540
	18,136	24,383
Future finance charges on finance leases	**(759)**	(1,199)
Exchange difference	**36**	(5)
Present value of finance lease liabilities	**17,413**	23,179

23. BORROWINGS *(Continued)*

23.2 Finance lease liabilities *(Continued)*

The present value of finance lease liabilities is as follows:

	2015 HK$'000	2014 HK$'000
Due within one year	**11,101**	16,286
Due over one year but less than two years	**4,967**	5,402
Due over two years but less than five years	**1,345**	1,491
	17,413	23,179
Less: Portion due within one year included under current liabilities	**(11,101)**	(16,286)
Non-current portion included under non-current liabilities	**6,312**	6,893

Certain motor vehicles of the Group in relation to the car rental business are held under finance leases. Finance lease liabilities are effectively secured as the rights to the leased assets will revert to the lessor in the event of default.

As at 31 December 2015, the Group's finance lease liabilities of approximately HK$15,486,000 (2014: HK$18,889,000) were guaranteed by the Company.

23.3 Other information about the borrowings

		Effective interest rate (%) per annum			
	Original currency	2015		2014	
		Fixed	Floating	Fixed	Floating
Bank loans	RMB	–	**5.07%-7.5%**	6.3%-7.0%	7.5%
Bank loan	USD	–	**2.93%**	–	–
Finance lease liabilities	HK$	**3.86%-4.08%**	–	2.27%-4.07%	–
Finance lease liabilities	RMB	**17.53%-28.74%**	–	3.41%-28.47%	–
Finance lease liabilities	SGD	**3.41%-3.88%**	–	3.41%-3.88%	–

24. AMOUNTS DUE TO RELATED COMPANIES

Amounts due to related companies of which the Group's directors have equity interests are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and repayable on demand.

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26. DEFERRED TAX LIABILITIES

The movement on the deferred tax liabilities is as follows:

	Accelerated tax Depreciation	
	2015	2014
	HK$'000	HK$'000
At 1 January	**2,208**	1,272
Charge to profit or loss (Note 10)	**1,875**	936
At 31 December	**4,083**	2,208

Deferred tax liabilities of HK$11,041,000 (2014: HK$8,175,000) have not been established for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries because the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary difference will reverse in the foreseeable future. Such unremitted earnings for investments in subsidiaries totalled HK$220,888,000 (2014: HK$163,497,000).

At 31 December 2015, the Group had unused tax losses of approximately HK$59,600,000, (2014: HK$93,891,000) available to offset against future profits of which approximately HK$34,471,000 (2014: HK$17,532,000) will expire at various dates up to 2020 (2014: 2019) . No deferred tax assets had been recognised in respect of such tax losses due to unpredictability of future profit streams.

27. SHARE CAPITAL

	2015		2014	
	Number of shares '000	**HK$'000**	Number of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each at beginning and end of year	**476,300**	**47,630**	476,300	47,630

28. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) The amounts of the Company's reserves and the movements therein for the current and prior years are presented as follows:

	Company			
	Share premium HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	29,522	2,854	(2,606)	29,770
Loss for the year	–	–	(3,771)	(3,771)
At 31 December 2014 and 1 January 2015	29,522	2,854	(6,377)	25,999
Loss for the year	–	–	(1,471)	(1,471)
At 31 December 2015	**29,522**	**2,854**	**(7,848)**	**24,528**

Share premium

The share premium account of the Group and the Company represents the premium arising from the issue of shares, net of placing expenses.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Capital reserve

The capital reserve of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the shares of the Company issued in exchange therefore.

The capital reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the shares of the Company issued in exchange therefore.

Translation reserve

The translation reserve has been set up and is dealt with in accordance with the accounting policy for foreign currencies as stated in note 4.4.

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29. NON-CONTROLLING INTERESTS

As at 31 December 2015 and 2014, the Group's interest in Fuzhou Euro is 51%.

As assessed by the directors, Fuzhou Euro has a material non-controlling interests (NCI), whereas the NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Fuzhou Euro, before intra-group eliminations, is presented below:

	2015 HK$'000	2014 HK$'000
For the year ended 31 December		
Revenue	**120,514**	45,491
Loss for the year	**(22,238)**	(11,766)
Total comprehensive income	**(22,238)**	(12,452)
Loss allocated to NCI	**(10,897)**	(5,765)
Dividends paid to NCI	**–**	–
For the year ended 31 December		
Cash flows from operating activities	**(70)**	(36,479)
Cash flows from investing activities	**(4,569)**	(22,640)
Cash flows from financing activities	**11,385**	49,140
Net cash inflows/(outflows)	**6,746**	(9,979)
As at 31 December		
Current assets	**100,581**	99,348
Non-current assets	**18,524**	22,746
Current liabilities	**(93,876)**	(76,226)
Net assets	**25,229**	45,868

30. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of the acquisition of property, plant and equipment with a total capital value at the inception of the leases of HK$11,961,000 (2014: HK$21,770,000).

During the year ended 31 December 2014, a trade receivable of HK$4,400,000 was settled against with the amount due to a director. There is no such set off during the year ended 31 December 2015.

During the year ended 31 December 2014, the Group's prepayments for acquisition of property, plant and equipment of HK$10,900,000 were transferred to property, plant and equipment upon completion of the acquisition of property, plant and equipment. There is no such transfer during the year ended 31 December 2015.

31. TRANSACTIONS WITH ZHONG BAO GROUP

During the year, the Group generated income of car servicing and sale of auto parts of HK$46,256,000 (2014: HK$47,451,000 excluded value added tax) from the customers of Zhong Bao Group and earned technical fee income of HK$26,387,000 (2014: HK$26,304,000) from Zhong Bao Group. The Group was charged rental of HK$6,712,000 (2014: HK$6,793,000) and repair and maintenance fee of HK$5,267,000 (2014: HK$5,284,000) by Zhong Bao Group during the year.

At the reporting date, the Group had the following exposures to Zhong Bao Group:

(a) Advances made as disclosed in note 19.

(b) Trade balances of HK$93,689,000 (2014: HK$108,178,000) receivables from Zhong Bao Group as included in "Trade receivables" as disclosed in note 18.

(c) Contingent liabilities arising from transactions as disclosed in note 34.

(d) The Group's bank loans of HK$34,562,000 (2014: HK$33,602,000) were guaranteed by certain group companies of Zhong Bao Group as disclosed in note 23.1.

In the opinion of the directors of the Company, all of the above transactions were entered into in the ordinary course of the Group's business.

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32. COMMITMENTS

Operating lease commitments

32.1 As lessor

The Group leases its motor vehicles under operating leases arrangements. The terms of the leases are mutually agreed between the Group and the respective tenants.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**13,201**	13,592
After one year but within five years	**11,883**	10,645
	25,084	24,237

32.2 As lessee

The Group leases certain of its office premises, furniture and equipment, and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years.

At 31 December 2015, total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**15,182**	13,925
After one year but within five years	**20,319**	25,902
After five years	**10,014**	17,431
	45,515	57,258

32.3 Capital commitment

As at 31 December 2015, there is commitment contracted but not provided for purchase of property, plant and equipment of approximately HK$7,306,000 (2014: HK$240,000).

33. RELATED PARTIES TRANSACTIONS

a) The terms and conditions of amounts due to directors are disclosed in note 25.

b) The terms and conditions of amounts due to related companies are disclosed in note 24.

c) The compensations of key management personnel for the year are set out in Note 12.3.

d) As at 31 December 2015, a bank loan of approximately HK$23,340,000 borrowed by a subsidiary is guaranteed by Loh Nee Peng, a director of the Company who resigned during the year.

e) As at 31 December 2015, a bank loan of approximately HK$15,212,000 borrowed by a subsidiary is guaranteed by Loh Boon Cha, a director of the Company, and Loh Nee Peng, a director of the Company who resigned during the year.

34. CONTINGENT LIABILITIES

At 31 December 2015, the Group had given guarantees as follows:

	2015 **HK$'000**	2014 HK$'000
Guarantees for banking facilities provided to Zhong Bao Group	**143,280**	215,560

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks through its use of financial instruments and specifically to credit risk, liquidity risk, foreign exchange risk and interest rate risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 December 2015 and 2014 may be categorised as follows. See notes 4.10 and 4.17 for explanations about how the category of financial instruments affects their subsequent measurement.

	2015 HK$'000	2014 HK$'000
Financial assets		
Pledged deposits	**23,945**	20,935
Cash and bank balances	**86,413**	34,272
	110,358	55,207
Loans and receivables:		
Trade receivables	**102,430**	116,550
Other current assets	**319,228**	310,331
	421,658	426,881
	532,016	482,088
Financial liabilities		
Financial liabilities at amortised cost:		
Current liabilities		
Trade payables	**37,917**	18,598
Accruals and other payables	**43,573**	112,467
Borrowings	**105,707**	90,718
Amounts due to related companies	**293**	311
Amounts due to directors	**27,315**	28,050
	214,805	250,144
Non-current liabilities		
Non-current portion of long-term borrowings	**6,312**	6,893
	221,117	257,037

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk refers to the risk the debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's sales are made to luxury car dealers in the PRC. The Group has adopted procedures in granting credit terms to customers and in monitoring its credit risk. The Group's credit risk exposures also extend to financial guarantees provided to Zhong Bao Group as disclosed in note 34.

As disclosed in note 19, the Group made advances to a key business partner, Zhong Bao Group. To reduce credit risk exposure arising from Zhong Bao group, the Group has been actively monitoring the financial position of Zhong Bao Group and the status of its repayments. In addition, collaterals have been requested from Zhong Bao Group.

The Group has concentration of credit risk due to its relatively small customer base of car dealer companies in the PRC.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are unavailable.

Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for short-term and long-term financial liabilities as well as cash-outflows due in day-to-day operation, and maintaining adequate reserves and banking facilities.

Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs are monitored by forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's operations are financed mainly through internal resources, bank borrowings and finance leases.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

As at 31 December 2015 and 31 December 2014, the Group's financial liabilities have contractual maturities which are summarised below:

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000
At 31 December 2015					
Trade payables	**37,917**	**37,917**	**37,917**	**–**	**–**
Accruals and other payables	**43,573**	**43,573**	**43,573**	**–**	**–**
Short-term borrowings	**105,707**	**108,842**	**108,842**	**–**	**–**
Amounts due to related companies	**293**	**293**	**293**	**–**	**–**
Amounts due to directors	**27,315**	**27,315**	**27,315**	**–**	**–**
Long-term borrowings	**6,312**	**6,457**	**–**	**5,101**	**1,356**
Total	**221,117**	**224,397**	**217,940**	**5,101**	**1,356**
Financial guaranteed issued:					
Maximum amount guaranteed	**1,876**	**143,280**	**143,280**	**–**	**–**
At 31 December 2014					
Trade payables	18,598	18,598	18,598	–	–
Accruals and other payables	112,467	112,467	112,467	–	–
Short-term borrowings	90,718	93,475	93,475	–	–
Amounts due to related companies	311	311	311	–	–
Amounts due to directors	28,050	28,050	28,050	–	–
Long-term borrowings	6,893	7,091	–	5,549	1,542
Total	257,037	259,992	252,901	5,549	1,542
Financial guaranteed issued:					
Maximum amount guaranteed	2,638	215,560	215,560	–	–

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ("US$"), Euro ("EUR") and RMB. Foreign exchange risk arises from commercial transactions and recognized assets and liabilities. As HK$ is pegged to US$, the foreign exchange exposure of US$ is considered minimal. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. This currency exposure is managed primarily through sourcing raw materials denominated in the same currency.

The sales transactions of the Group are mainly denominated in US$, RMB and HK$ and there are expenses and acquisition of plant and machinery that are required to be settled in US$, RMB and HK$. Certain trade receivables and trade payables of the Group are denominated in foreign currencies, mainly US$, RMB and HK$. Thus, when RMB strengthens in value against HK$, the Group's operating margins are impacted unless recovered from our customers in the form of price increases. The Group currently does not have a foreign currency hedging policy.

The following table illustrates the sensitivity of the net results for the year in regards to the Group's financial assets and financial liabilities at the reporting date and the reasonable possible changes in the foreign exchange rates in the next 12 months to which the Group has significant exposure at the reporting date, based on the assumption that other variables are held constant.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign exchange risk *(Continued)*

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2015 and 2014 are as follows:

	Denominated in USD HK$'000	Denominated in EUR HK$'000	Denominated in RMB HK$'000
2015			
Monetary assets			
Trade and other receivables	–	–	7,169
Prepayment, deposits and other receivables	–	10,608	92,097
Cash and bank balances	–	742	–
Total monetary assets	–	11,350	99,266
Monetary liabilities			
Accruals and other payables	(1,487)	–	–
Borrowings	(15,212)	–	–
Total monetary liabilities	(16,699)	–	–
Net monetary (liabilities)/assets	(16,699)	11,350	99,266
Foreign currency strengthen/(weaken) by:	6%/(6%)	10%/(10%)	5%/(5%)
Increase/(decrease) in profit after tax and retained profits	(1,002)/1,002	1,135/(1,135)	4,963/(4,963)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign exchange risk *(Continued)*

	Denominated in EUR HK$'000	Denominated in RMB HK$'000
2014		
Monetary assets		
Trade and other receivables	–	14,648
Prepayment, deposits and other receivables	2,159	–
Cash and bank balances	119	–
	2,278	14,648
Monetary liabilities		
Accruals and other payables	–	84
Obligation of finance lease	–	3
Borrowings	–	80
	–	167
Net monetary assets	2,278	14,481
Foreign currency strengthen/(weaken) by:	12%/(12%)	2%/(2%)
Increase/(decrease) in profit after tax and retained profits	273/(273)	290/(290)

Interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. The average interest rate of unrestricted bank deposits throughout the year was approximately 1.675% (2014: 1.62%) per annum. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's interest rate risk mainly relates to interest-bearing borrowings which include bank borrowings and obligations under finance leases. The interest rates and terms of repayment have been disclosed in note 23.

The Group's interest rate risk which affects its income and operating cash flows mainly arises from floating rate bank borrowings at 31 December 2015, at rates ranging from the prime rate minus 1% to the prime rate plus 1% per annum (2014: prime rate minus 1% to the prime rate plus 1% per annum).

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk*(Continued)*

If interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group's profit after tax and retained profits for the year ended 31 December 2015 would decrease/increase by HK$191,000 (2014: HK$837,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Fair values

The directors consider that the carrying amount of each class of the financial assets and financial liabilities approximate to their fair values.

36. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide an adequate return to shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current and previous years.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term borrowings and long-term borrowings, as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as equity as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 HK$'000	2014 HK$'000
Total borrowings	**112,019**	97,611
Less: Cash and bank balances	**(86,413)**	(34,272)
Net debt	**25,606**	63,339
Total equity	**535,625**	492,590
Total capital	**561,231**	555,929
Gearing ratio	**5%**	11%

37. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 10 October 2014, the Company adopted a share option scheme (the "Share Option Scheme") to provide incentives to participants for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date, after which period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

Subject to the terms of the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled at any time and from time to time within the period of 10 years after the Adoption Date to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.

An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the date on which the Option was offered, provided that no such Offer shall be open for acceptance after the expiry of the Option Period or termination of the Share Option Scheme or after the Participant for whom the Offer is made has ceased to be a Participant.

An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof is received by the Company.

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option but in any case the Subscription Price shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a Business Day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant; or (iii) the nominal value of a Share.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme where applicable and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme and where applicable within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

No option has been granted, exercised, lapsed or cancelled under the Share Option Scheme during the current year or in prior year.

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38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries		80,878	80,878
Current assets			
Other receivables		234	217
Amount due from a subsidiary		655	3,633
		889	3,850
Current liabilities			
Accruals and other payables		219	2,562
Amounts due to subsidiaries		8,883	8,030
Amounts due to directors		507	507
		9,609	11,099
Net current liabilities		(8,720)	(7,249)
Net assets		72,158	73,629
EQUITY			
Share capital	27	47,630	47,630
Reserves	28	24,528	25,999
Total equity		72,158	73,629

On behalf of the Board:

Loh Boon Cha
Director

Choy Choong Yew
Director

39. PARTICULARS OF SUBSIDIARIES

Details of the principal subsidiaries at the reporting date are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued capital	Percentage of issued capital held by the Company		Principal activities
			Directly	Indirectly	
German Automobiles Pte Ltd.[###]	Singapore	7,876,996 shares of S$1 each	100%	–	Distribution of motor vehicles and provision of technical services
German Automobiles Limited[###]	Hong Kong	20,000 ordinary shares of HK$20,000	100%	–	Sales liaison and trading of spare parts for motor vehicles and provision of technical services
Xiamen BMW Automobiles Service Co., Ltd.[#]	The PRC	Registered and paid-in capital of US$11,200,000	–	100%	Provision of repair and maintenance services of high-end automobiles
Fuzhou BMW Automobiles Service Co., Ltd.[#]	The PRC	Registered and paid-in capital of US$5,100,000	–	100%	Provision of repair and maintenance services of high-end automobiles
RUF Automobiles Ltd.[###]	Hong Kong	20,000 shares of HK$20,000	–	100%	Investment holding
RUF China Automobiles Trading Ltd. [#]	The PRC	Registered and paid-in capital of US7,600,000	–	100%	Trading of motor vehicles
Fuzhou Euro Motors Sales & Services Co., Ltd.[##]	The PRC	Registered and paid-in capital of RMB50,000,000	–	51%	Sales of high-end motor vehicles

registered as a wholly foreign-owned enterprise under the PRC law
registered as a limited liability company under the PRC law
incorporated as a limited liability company under local jurisdiction

The above table lists the subsidiaries of the Company which in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the above subsidiaries had any debt securities in issue at the end of the reporting period.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

40. DISPOSAL OF SUBSIDIARIES

On 29 December 2015, the Group disposed of its subsidiaries, China Automobiles Asia Pte Ltd ("CAAPL") and its subsidiary, at a consideration of SGD2 (approximately HK$11). The net liabilities of CAAPL and its subsidiary at the date of disposal were as follows:

	HKD'000
Net liabilities disposed of:	
Prepayments and other receivables	199
Trade payables	(608)
Accruals and other payables	(5,264)
Amount due from immediate holding company	5,673
Non-controlling interests	(1,831)
	(1,831)

	HKD'000
Consideration	–
Less: Net liabilities disposed of	1,831
Translation reserve released to profit or loss upon disposal	836
Gain on disposal of subsidiaries	2,667

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries were as follows:

	HKD'000
Cash consideration	–
Bank balances and cash disposed of	–
	–

41. EVENTS AFTER THE REPORTING PERIOD

a) On 3 February 2016, Xiamen Zhong Bao and Xiamen BMW, an indirect wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding ("MOU") regarding the proposed acquisitions (the "Proposed Acquisition") of the entire equity interests of three direct or indirect wholly-owned subsidiaries of Xiamen Zhong Bao (the "Target Companies") established in the PRC. During the course of due diligence review conducted on the Target Companies, the Company has come to knowledge that Xiamen Zhong Bao are deemed a connected person of the Company as at date of the MOU according to the GEM Listing Rules.

The Proposed Acquisition, if materialised, will constitute a notifiable transaction and a connected transaction for the Company under the GEM Listing Rules. As of the date of this report, all terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into.

Further details are set out in the announcements of the Company dated 3 February 2016 and 14 March 2016.

b) Fuzhou Euro, a non-wholly owned subsidiary, received a legal letter dated 25 February 2016 from the landlord of its showroom (the "Landlord") for claiming the outstanding rental payment and penalty with an aggregate amount of approximately RMB1,011,000 (equivalent to HK$1,202,000). Fuzhou Euro is consulting legal advice and considering taking legal action against the Landlord. Up to the date of this report, the dispute has not yet come into any conclusion and the Directors are of the view that the Group is not liable for the claim and that the incident will not result in material financial impact to the Group.

Financial Summary

RESULTS

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue	**495,526**	422,862	408,300	423,235	338,741
Other income	**103,361**	53,938	56,297	41,791	41,151
Changes in inventories	**(289,220)**	(232,315)	(230,509)	(282,004)	(216,262)
Employee benefits expenses	**(59,306)**	(59,716)	(56,020)	(44,835)	(42,679)
Depreciation and amortisation	**(25,040)**	(20,301)	(16,834)	(15,865)	(12,789)
Operating lease charges	**(19,710)**	(19,745)	(10,537)	(8,416)	(13,142)
Exchange differences, net	**(7,913)**	(3,489)	1,440	(1,795)	500
Impairment loss on goodwill	**(3,750)**	–	–	–	–
Other expenses	**(74,821)**	(65,371)	(58,378)	(45,056)	(43,336)
Profit from operations	**119,127**	75,863	93,759	67,055	52,184
Finance costs	**(8,162)**	(9,266)	(11,287)	(11,248)	(11,150)
Profit before income tax	**110,965**	66,597	82,472	55,807	41,034
Income tax expense	**(25,953)**	(16,160)	(8,163)	(21,615)	(11,625)
Profit for the year	85,012	50,437	74,309	34,192	29,409
Dividends (HK$ per ordinary share)	**–**	–	–	–	0.0063
	HK cents	HK cents	HK cents	HK cents	HK cents
Earnings per share **Basic and diluted**	**20.16**	11.80	15.80	7.19	6.18

ASSETS AND LIABILITIES

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**775,466**	760,562	680,259	662,520	568,174
Total liabilities	**(239,841)**	(267,972)	(231,706)	(328,716)	(272,588)
	535,625	492,590	448,553	333,804	295,586
Non-controlling interests	**(12,362)**	(26,362)	(32,503)	(2,006)	(2,035)
Equity attributable to owners of the Company	523,263	466,228	416,050	331,798	293,551