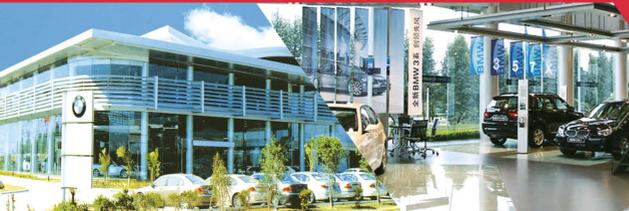


# Third Quarterly Report 2016



## G.A. Holdings Limited G.A. 控股有限公司

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

(Stock Code: 8126)





## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective 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 the GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of directors (the “Board”) of G.A. Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2016.

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

*For the three months and nine months ended 30 September 2016*

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	2	118,987	131,951	349,526	378,228
Other income	2	11,656	14,266	33,876	88,901
Changes in inventories Auto parts and accessories, and motor vehicles purchased		8,972 (80,172)	5,608 (79,925)	(5,312) (208,703)	(19,763) (202,341)
Employee benefit expenses		(13,492)	(13,758)	(45,321)	(42,034)
Depreciation and amortisation		(5,694)	(6,215)	(17,529)	(18,888)
Operating lease charges		(3,843)	(4,850)	(12,251)	(14,814)
Exchange differences, net		(450)	(2,748)	(2,422)	(4,142)
Impairment loss on goodwill		–	–	–	(3,750)
Other expenses		(17,527)	(19,844)	(50,928)	(51,447)
<b>Profit from operating activities</b>		<b>18,437</b>	<b>24,485</b>	<b>40,936</b>	<b>109,950</b>
Finance costs		(1,418)	(1,719)	(4,097)	(5,772)
<b>Profit before income tax</b>		<b>17,019</b>	<b>22,766</b>	<b>36,839</b>	<b>104,178</b>
Income tax expense	3	(4,931)	(6,940)	(14,587)	(18,799)
<b>Profit for the period</b>		<b>12,088</b>	<b>15,826</b>	<b>22,252</b>	<b>85,379</b>

	Note	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		30 September		30 September	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other comprehensive income/ (expense), item that may be reclassified subsequently to profit or loss:</b>					
Exchange difference arising from translation of financial statements of foreign operations		(3,593)	(18,070)	(12,783)	(31,295)
<b>Total comprehensive income/ (expense) for the period</b>		<b>8,495</b>	<b>(2,244)</b>	<b>9,469</b>	<b>54,084</b>
<b>Profit/(Loss) for the period attributable to:</b>					
Owners of the Company		12,546	18,065	25,359	92,601
Non-controlling interests		(458)	(2,239)	(3,107)	(7,222)
		<b>12,088</b>	<b>15,826</b>	<b>22,252</b>	<b>85,379</b>
<b>Total comprehensive income/ (expense) for the period attributable to:</b>					
Owners of the Company		9,039	815	12,870	62,138
Non-controlling interests		(544)	(3,059)	(3,401)	(8,054)
		<b>8,495</b>	<b>(2,244)</b>	<b>9,469</b>	<b>54,084</b>
<b>Earnings per share</b>		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	4	2.63	3.79	5.32	19.44

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

For the nine months ended 30 September 2016

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the nine months ended 30 September 2016 (unaudited)								
As at 1 January 2016	47,630	29,522	8,623	(646)	438,134	523,263	12,362	535,625
Profit/(Loss) for the period	-	-	-	-	25,359	25,359	(3,107)	22,252
Other comprehensive income								
Translation difference	-	-	-	(12,489)	-	(12,489)	(294)	(12,783)
Total comprehensive income for the period	-	-	-	(12,489)	25,359	12,870	(3,401)	9,469
As at 30 September 2016	47,630	29,522	8,623	(13,135)	463,493	536,133	8,961	545,094
For the nine months ended 30 September 2015 (unaudited)								
As at 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit/(Loss) for the period	-	-	-	-	92,601	92,601	(7,222)	85,379
Other comprehensive income								
Translation difference	-	-	-	(30,463)	-	(30,463)	(832)	(31,295)
Total comprehensive income for the period	-	-	-	(30,463)	92,601	62,138	(8,054)	54,084
As at 30 September 2015	47,630	29,522	8,623	7,864	434,727	528,366	18,308	546,674



Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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, Causeway Bay, Hong Kong.

The Company and its subsidiaries (collectively, 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.

These unaudited condensed consolidated financial statements presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company, unless otherwise stated, were authorised for issue by the Company’s Board of Directors on 9 November 2016.

### (a) Statement of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the unaudited condensed consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The significant judgments made by management in applying the Group’s accounting policies, the key sources of estimation uncertainty, and, except as described below, the accounting policies adopted for the preparation of these unaudited consolidated statements of the Group are consistent with those applied to the consolidated financial statements for the year ended and as at 31 December 2015.

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

The Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2016.

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

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

## 2. REVENUE AND OTHER INCOME

The Group recognised revenue by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>				
Sales of motor vehicles	37,953	32,189	96,779	89,599
Servicing of motor vehicles and sales of auto parts	73,839	93,041	232,741	267,881
Technical fee income	7,195	6,721	20,006	20,748
	<b>118,987</b>	<b>131,951</b>	<b>349,526</b>	<b>378,228</b>
<b>Other income</b>				
Car rental income	5,838	6,874	18,915	20,186
Waiver of interest payable <i>(Note)</i>	–	–	–	45,626
Commission income	4,346	6,650	9,885	14,975
Financial guarantee income	873	236	1,297	4,006
Interest income on financial assets stated at amortised cost	86	114	543	607
Others	513	392	3,236	3,501
	<b>11,656</b>	<b>14,266</b>	<b>33,876</b>	<b>88,901</b>



*Note:*

According to the settlement agreement signed by a bank and the Group in 2014, upon the full repayment of the long outstanding principal debt due by the Group by the end of March 2015, the bank agrees to waive the balance of the interests incurred for the principal debt and legal cost incurred. Accordingly, income arising from waiver of interest payable of HK\$45,626,000 (nine months ended 30 September 2016: Nil) was recognised during the nine months ended 30 September 2015.

### 3. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Current – Hong Kong Charge for the period	249	411	863	1,696
Current – Overseas Charge for the period	4,692	6,529	12,527	17,103
Current tax expenses	4,941	6,940	13,390	18,799
Deferred tax expense	(10)	–	1,197	–
Total income tax expense	4,931	6,940	14,587	18,799

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of the income tax rates for domestic-invested and foreign invested enterprises at 25% (2015: 25%).

The income tax in respect of operations in Singapore is calculated at the rate of 17% (2015: 17%) on the estimated assessable profits for the period.

According to the relevant laws and regulations in the PRC, the Group is liable to withholding tax on the distribution of profits from the PRC subsidiaries. Deferred tax of approximately HK\$1,197,000 (30 September 2015: Nil) has been provided in consolidated financial statements for the nine months ended 30 September 2016 in respect of the temporary differences attributable to such profits.

#### **4. EARNINGS PER SHARE**

The calculation of basic earnings per share for the three months ended 30 September 2016 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 September 2016 of HK\$12,546,000 (three months ended 30 September 2015: HK\$18,065,000) and on the weighted average number of 476,300,000 (three months ended 30 September 2015: 476,300,000) ordinary shares in issue during the three months ended 30 September 2016.

The calculation of basic earnings per share for the nine months ended 30 September 2016 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2016 of HK\$25,359,000 (nine months ended 30 September 2015: HK\$92,601,000) and on the weighted average number of 476,300,000 (nine months ended 30 September 2015: 476,300,000) ordinary shares in issue during nine months ended 30 September 2016.

Diluted earnings per share for the three months and nine months ended 30 September 2016 and 2015 are the same as the basic earnings per share as there was no dilutive potential ordinary share during the respective periods.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the nine months ended 30 September 2016, the Group recorded a decrease in total revenue. It was mainly due to the decreases in both technical fee income and revenue from servicing of motor vehicles and sales of auto parts despite of the continuous growth in sales of motor vehicles following the full operation of a dealership store for ultra-luxury automobile brands in the mid of 2014.

Profit for the nine months ended 30 September 2016 was HK\$22,252,000 compared to HK\$85,379,000 in the corresponding period in 2015. The decrease in profit was mainly resulted from i) the decrease in total revenue and gross profit margin during the current period; and ii) the absence of a one-off income from waiver of interest payable of HK\$45,626,000 from a creditor recognised in 2015. Total comprehensive income was HK\$9,469,000 in the period under review compared to HK\$54,084,000 in the corresponding period in 2015 after adjusting for exchange differences on translation of financial statements of foreign operations.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2016, revenue generated from the sales of motor vehicles was HK\$96,779,000, increased by 8.0% as compared to the corresponding period in 2015. The increase reflected improved customer awareness and recognition of our 4S store for ultra-luxury brands in Fuzhou and was driven by the launching of a new model of motor vehicles during the current period.

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

Revenue generated from servicing of motor vehicles and sales of auto parts decreased by 13.1% to HK\$232,741,000 compared to the corresponding period in 2015. With the slowing growth in China's macro-economy and automobile industry, there is a corresponding effect on aftersales services and as a result, the revenue from our after-sales business decreased accordingly.

#### 3. Technical fee income

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

## **G.A. Holdings Limited**

Technical fee income for the nine months ended 30 September 2016 was HK\$20,006,000, decreased by 3.6% as compared to the corresponding period in 2015. The decrease was mainly due to the decrease in sales of BMW vehicles sold by Zhong Bao Group during the period.

### **4. Car rental business**

The operation of car rental business in Hong Kong for the nine months ended 30 September 2016 was HK\$18,915,000, representing a decrease of 6.3% compared to the corresponding period in 2015.

## **FINANCIAL REVIEW**

### **Revenue**

The unaudited consolidated revenue for the nine months ended 30 September 2016 decreased by 7.6% from HK\$378,228,000 in the corresponding period in 2015 to HK\$349,526,000. The growth in sales of motor vehicles was more than off-set by the declines in revenue from servicing of motor vehicles, sales of auto parts and technical fee income.

### **Gross Profit**

The gross profit for the nine months ended 30 September 2016 was HK\$135,511,000, decreased by 13.2% as compared to the corresponding period in 2015 and the gross profit margin for the current period also decreased to 38.8% from 41.3% in the corresponding period in 2015.

The decrease in gross profit margin was mainly attributable to i) continued price pressure on certain value-added services as a result of the changing supply and demand; and ii) the increased share of sales contribution from sales of motor vehicles, which yields relatively lower profit.

### **Employee Benefit Expenses**

The Group recorded employee benefit expenses of HK\$45,321,000 for the nine months ended 30 September 2016, representing a 7.8% increase as compared to HK\$42,034,000 in the corresponding period in 2015. This was driven by one-time discretionary bonus, the increase in sales commission to salesmen and staff benefits.



## **Operating Lease Charges**

The operating lease charges for the nine months ended 30 September 2016 decreased by 17.3% from HK\$14,814,000 in the corresponding period in 2015 to HK\$12,251,000 in 2016. This was mainly attributable to the removal of a showroom from downtown to uptown of Fuzhou during the current period, lowering the monthly rental expense.

## **Depreciation and Amortisation**

The depreciation and amortisation for the nine months ended 30 September 2016 decreased by 7.2% from HK\$18,888,000 in the corresponding period in 2015 to HK\$17,529,000 in 2016. This is mainly attributable to the fact that some of fixed assets were fully depreciated during the period.

## **Foreign Exchange Exposure**

For the nine months ended 30 September 2016, an exchange loss of HK\$2,422,000 was recorded, whereas an exchange loss for the corresponding period in 2015 was HK\$4,142,000. The exchange loss was the net result of the translation of accounts receivables, accounts payables and inter-company balances from Renminbi to Hong Kong dollars.

## **Other Expenses**

Other expenses mainly included entertainment, promotion and marketing expenses, financial guarantee expense and legal and professional fee. For the nine months ended 30 September 2016, other expenses were HK\$50,928,000 which were stable compared to the corresponding period in 2015.

## **Profit Attributable to Owners of the Company**

The profit attributable to owners of the Company for the nine months ended 30 September 2016 was HK\$25,359,000 while HK\$92,601,000 was recorded in the corresponding period in 2015. The decrease was a net result of i) the decrease in both total revenue and gross profit margin during the current period; ii) the absence of a one-off income from waiver of interest payable of HK\$45,626,000 from a creditor recognised in 2015; and iii) the absence of impairments made on goodwill and inventories in 2015.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

## PROSPECTS

With the general slowdown of growth of the economy and various reforms of policies and regulations in the automobile industry in China effective this year, it is believed that the market has stepped into a new era with more intensified competition and more rational spending by the consumers. The selling prices of most of the premium cars and after-sales services will continue to be under pressure. Nevertheless, China is still the largest automobile market in the world and the car sales performance of the Group is expected to improve following the recent launch of new models of ultra-luxury brands. The Group will, on one hand, exert a greater control over operating cost and on the other hand, continue to strengthen its value-added business sector in addition to traditional after-sales service to customers to boost the revenue for the rest of the year. The Company is confident in balancing the risks and opportunities in this challenging year through its experienced management team with focus on service excellence.

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

## FUTURE PLAN

On 23 August 2016, 廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.\*) (“Xiamen BMW”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with 3 vendors independent of the Group regarding the proposed acquisitions (the “Acquisitions”) of the entire equity interests of three direct or indirect wholly-owned subsidiaries of Xiamen Zhong Bao established in the PRC. Further details are set out in the announcement of the Company dated 23 August 2016 and the circular of the Company dated 26 October 2016.

The Directors believe that the Acquisitions present a favourable opportunity to the Group as a result of synergy after the completion of the Acquisitions. The automobile suppliers have preference to work with sizeable dealership groups and the Acquisitions will strengthen the Group’s competitiveness in the field. The Group will further expand the strategic 4S dealer shop network in Fujian Province and will have a balanced portfolio of one premium brand as well as two ultra-luxury brands to enhance the operational capabilities and the diversity of the Group’s services.



The Company intends to finance any significant investment or acquisition by its internal resources and/or debt financing from financial institutions.

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

As at 30 September 2016, the interests or short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of shareholding
Zhang Xi	Personal interest	500,000	0.10%
Ma Hang Kon, Louis	Personal interest	500,000	0.10%
Xue Guo Qiang	Personal interest	13,292,000	2.79%

Save as disclosed above, as at 30 September 2016, none of the Directors or their associates, has any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh Nee Peng	Interest of a controlled corporation ( <i>Note 1</i> )	77,960,320	16.37%
Chan Hing Ka Anthony	Interest of a controlled corporation ( <i>Note 2</i> )	69,631,085	14.62%
Tycoons Investment International Limited	Beneficial owner ( <i>Note 2</i> )	69,631,085	14.62%
Loh & Loh Construction Group Ltd.	Beneficial owner ( <i>Note 1</i> )	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner ( <i>Note 1</i> )	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.. Big Reap Investment Limited is interested as to 100% by Mr. Loh Nee Peng and Loh & Loh Construction Group Ltd. is interested as to 64% by Mr. Loh Nee Peng. By virtue of Part XV of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd..
2. The 69,631,085 Shares are held by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited.



Save as disclosed above, as at 30 September 2016, the Directors are not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

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

None of the Directors or chief executives or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

## **COMPETING INTERESTS**

During the nine months ended 30 September 2016, none of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

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

During the nine months ended 30 September 2016, no option has been granted under the Share Option Scheme.

## **ADVANCES TO ENTITIES**

As defined in Rule 17.14 of the GEM Listing Rules, "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 Rule 17.16 of the GEM Listing Rules, 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").

## G.A. Holdings Limited

As at 30 September 2016, the Company's total assets were approximately HK\$773,080,000.

	(Unaudited) As at 30 September 2016 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2016 HK\$'000	Increment as compared to Assets Ratio
Guarantees to Zhong Bao Group (note)	162,540	21.0%	175,500	N/A

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

The Group entered into a revised guarantee agreement on 29 April 2016 (the "Revised Guarantee Agreement") with Xiamen Zhong Bao to replace the previous one entered into in November 2015, whereby Xiamen BMW and its immediate holding company, German Automobiles Pte Ltd. will during the period from 29 April 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 RMB170 million. The Revised Guarantee Agreement and the transactions contemplated thereunder have been approved by shareholder at the Company's extraordinary general meeting held on 16 June 2016. Further details for the Revised Guarantee Agreement were set out in the circular of the Company dated 25 May 2016 and the announcements of the Company dated 29 April 2016 and 5 July 2016.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2016, the Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions.



## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied with the Code Provision as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the period. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2015.

## **AUDIT COMMITTEE**

Pursuant to Rule 5.28 and 5.33 of the GEM Listing Rules and Code Provision C.3.3., the Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Zhou Ming, Mr. Yin Bin and Ms. Guan Xin. Mr. Zhou Ming is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting, risk management and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board. The Audit Committee has reviewed the 2016 third quarter results and provided comments.

These unaudited condensed consolidated financial statements have been reviewed and commented by the Audit Committee of the Company and were approved by the Board on 9 November 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2016.

## **DIRECTORS OF THE COMPANY**

Executive Directors of the Company as at the date hereof are Mr. Luo Wan Ju, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Zhang Xi, Mr. Ma Hang Kon, Louis and Mr. Xue Guo Qiang. Independent Non-Executive Directors of the Company as at the date hereof are Mr. Zhou Ming, Mr. Yin Bin and Ms. Guan Xin.

By Order of the Board  
**G.A. Holdings Limited**  
**Luo Wan Ju**  
*Chairman*

Hong Kong, 9 November 2016

\* *For identification purpose only*