



G.A. Holdings Limited  
G.A. 控股有限公司

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

(Stock Code: 8126)



THIRD QUARTERLY REPORT

2013



## 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 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 GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of directors (the “Board”) of G.A. Holdings Limited (the “Company”) is pleased to present the unaudited consolidated statements of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2013.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	2	86,747	109,140	268,036	279,683
Other income	2	22,406	18,425	65,841	49,814
		109,153	127,565	333,877	329,497
Changes in inventories		(50,306)	(76,819)	(168,434)	(195,746)
Employee benefit expenses		(11,939)	(10,834)	(39,949)	(32,045)
Depreciation and amortisation		(4,262)	(4,107)	(12,577)	(11,676)
Operating lease charges		(2,252)	(1,715)	(6,592)	(5,154)
Exchange differences, net		782	(1,483)	791	(5,123)
Other expenses		(17,744)	(11,716)	(35,452)	(27,434)
Profit from operating activities		23,432	20,891	71,664	52,319
Finance costs		(2,430)	(3,100)	(8,816)	(8,302)
Profit before income tax		21,002	17,791	62,848	44,017
Income tax expense	3	42	(3,454)	(6,323)	(10,916)
Profit for the period		21,044	14,337	56,525	33,101



	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Other comprehensive income, including reclassification adjustments for the period					
Exchange gain on translation of financial statements of foreign operations		241	6,967	1,758	7,360
<b>Total comprehensive income for the period</b>		<b>21,285</b>	<b>21,304</b>	<b>58,283</b>	<b>40,461</b>
<b>Profit for the period attributed to:</b>					
Owners of the Company		21,044	14,346	56,525	33,139
Non-controlling interests		–	(9)	–	(38)
		<b>21,044</b>	<b>14,337</b>	<b>56,525</b>	<b>33,101</b>
<b>Total comprehensive income attributed to:</b>					
Owners of the Company		21,279	21,292	58,246	40,501
Non-controlling interests		6	12	37	(40)
		<b>21,285</b>	<b>21,304</b>	<b>58,283</b>	<b>40,461</b>
<b>Earnings per share attributable to the owners of the Company for the period (HK\$ cents)</b>	4				
Basic		4.42	3.01	11.87	6.96
Diluted		4.42	3.01	11.87	6.96

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

For the nine months ended 30 September 2013 and 2012

	Equity attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital	Share premium	Capital reserve	Translation reserve	Retained profits	Proposed final dividend	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2012	47,630	29,522	8,623	28,331	176,445	3,000	293,551	2,035	295,586
Profit for the period	-	-	-	-	33,139	-	33,139	(38)	33,101
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	7,362	-	-	7,362	(2)	7,360
Total comprehensive income for the period	-	-	-	7,362	33,139	-	40,501	(40)	40,461
2011 final dividend paid	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
As at 30 September 2012	47,630	29,522	8,623	35,693	209,584	-	331,052	1,995	333,047
As at 1 January 2013	47,630	29,522	8,623	35,342	210,681	-	331,798	2,006	333,804
Profit for the period	-	-	-	-	56,525	-	56,525	-	56,525
Other comprehensive income, including reclassification adjustments									
Translation difference	-	-	-	1,721	-	-	1,721	37	1,758
Total comprehensive income for the period	-	-	-	1,721	56,525	-	58,246	37	58,283
As at 30 September 2013	47,630	29,522	8,623	37,063	267,206	-	390,044	2,043	392,087



Notes:

## 1. BASIS OF PREPARATION

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

### (a) Statement of compliance

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

These unaudited consolidated financial statements were authorized for issue by the Company’s Board of Directors on 12 November 2013.

### (b) Judgements and estimates

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 the accounting policies adopted for the preparation of these unaudited consolidated financial statements of the Group are consistent with those applied to the consolidated financial statements as at and for the year ended 31 December 2012.

### (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.

## 2. REVENUE

Revenue of the Group is recognised by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>				
Sales of motor vehicles	7,230	41,355	38,899	89,991
Technical fee income	7,829	6,397	22,799	19,167
Servicing of motor vehicles and sales of auto parts	71,688	61,388	206,338	170,525
	<b>86,747</b>	<b>109,140</b>	<b>268,036</b>	<b>279,683</b>
<b>Other income</b>				
Rental income	5,706	4,664	17,557	13,401
Interest income on financial assets stated at amortised cost	57	127	782	402
Warranty claims	9,902	7,032	27,559	22,109
Other income	6,741	6,602	19,943	13,902
	<b>22,406</b>	<b>18,425</b>	<b>65,841</b>	<b>49,814</b>

### 3. INCOME TAX EXPENSE

The charge comprises:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Current – Hong Kong</b>				
Charge for the period	679	852	2,656	2,050
<b>Current – Overseas</b>				
Charge for the period	1,382	2,602	12,238	8,866
Over-provision in prior years	(2,103)	–	(8,571)	–
<b>Total income tax expense</b>	<b>(42)</b>	<b>3,454</b>	<b>6,323</b>	<b>10,916</b>

Hong Kong Profits Tax has been provided at the rate of 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%.

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

The Group has no material unprovided deferred taxation for the period (2012: Nil).

For the nine months ended 30 September 2013, a total amount of HK\$8,571,000 (equivalent to approximately S\$1,385,000) was received from the Inland Revenue Authority of Singapore (“IRAS”). In view of the recent development of negotiation with the IRAS, the tax refund was being the re-assessment of the tax assessment for the previous years from 2005 to 2008 and 2010. The IRAS has agreed and made revisions on the previously tax assessment during the first quarter and third quarter in 2013.



#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to the owners of the Company for the three months ended 30 September 2013 of approximately HK\$21,044,000 (2012: HK\$14,346,000) and on the weighted average number of 476,300,000 (2012: 476,300,000) ordinary shares in issue during the three months ended 30 September 2013.

Diluted earnings per share for the three months ended 30 September 2013 and 2012 were the same as the basic earnings per share as there was no dilutive potential ordinary shares during the three months ended 30 September 2013 and 2012 respectively.

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to the owners of the Company for the nine months ended 30 September 2013 of approximately HK\$56,525,000 (2012: HK\$33,139,000) and on the weighted average number of 476,300,000 (2012: 476,300,000) ordinary shares in issue during the nine months ended 30 September 2013.

Diluted earnings per share for the nine months ended 30 September 2013 and 2012 were the same as the basic earnings per share as there was no dilutive potential ordinary shares during the nine months ended 30 September 2013 and 2012 respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the nine months ended 30 September 2013, revenue of the Group has slightly decreased by 4.2%, mainly contributed by the sharply decrease in the segment of sales of motor vehicles, despite the increase in the segment of servicing of motor vehicles and sales of auto parts and technical fee income. The performance in the sales of motor vehicles segment has continuously decreased since the beginning of 2013, that was mainly caused by the introduction of new car policy imposed by the PRC government which prohibited government officials of the PRC to buy luxurious imported cars in the PRC. Despite of this, the Directors are optimistic about the long term prospects and continue to seek to explore new opportunities to improve the segment performance of the sales of motor vehicles of the Group.

Besides, the total comprehensive income for the nine months ended 30 September 2013 has increased from HK\$40,461,000 to HK\$58,283,000, increased by approximately 44%. While the profit margin of the Group has also continued to align with the business growth from the prior periods, been increased from HK\$83,937,000 in the corresponding period in 2012 to HK\$99,602,000 for the nine months ended 30 September 2013.

As previously mentioned in the Interim Report, a tax refund, amounted to approximately HK\$6,468,000, was received from the Inland Revenue Authority of Singapore (“IRAS”) during the Interim Period. A further tax refund of approximately HK\$2,103,000 was received during the three months ended 30 September 2013, made up total tax refunds received amounted to HK\$8,571,000. The tax refund was being the re-assessment of the tax assessment for the previous years from 2005 to 2008 and 2010. The IRAS has agreed and made revisions on the previously tax assessment during the first quarter and third quarter in 2013.

### 1. Sales of motor vehicles

For the nine months ended 30 September 2013, the revenue generated from sales of motor vehicles was approximately HK\$38,899,000, represented a persisting decrease of approximately 56.8% as compared to the corresponding period in 2012. The decrease in car sales during the period was mainly due to the continuous slowdown of the PRC luxury automobiles market since the beginning of 2013, resulting from the introduction of new car policy imposed by the PRC government which prohibited government officials of the PRC to buy luxurious imported cars in the PRC. Besides, no car sales activity has been recorded in 2013 attributed from the RUF series, as compared to the corresponding car sales recorded in 2012.

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

For the nine months ended 30 September 2013, the revenue generated from servicing of motor vehicles and sales of auto parts of approximately HK\$206,338,000, has increased from approximately 61% to 77% of the total revenue, as compared to the corresponding period in 2012. The increase was consistently due to the continuous demand of after sales support for luxurious vehicles, supplemented by the precious service of the Group's 5S servicing centers in the PRC, as well as more marketing and promotional campaigns has being carried out and implemented and thus attract more new customers from the PRC automobiles market.

### 3. Technical fee income

The Group received technical fee income from Zhong Bao Group for providing management consulting and technical assistance for its purchase for the locally assembled BMW vehicles sold.

Technical fee income for the nine months ended 30 September 2013 was approximately HK\$22,799,000, increased by approximately 18.9% as compared to the corresponding period in 2012. The increase was mainly due to the corresponding increase in the car sales of locally assembled BMW sold by Zhong Bao Group during the period.



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

The operation of car rental business in Hong Kong for the nine months ended 30 September 2013 was approximately HK\$17,557,000, representing an increase of 31% as compared to the corresponding period in 2012. The increase was continuous due to the increase in customer base over the years, so as to maintain the sales volume under the car rental business, and thus builds up the customer loyalty and attracts more new customers.

### **FINANCIAL REVIEW**

#### **Revenue**

The unaudited consolidated revenue for the nine months ended 30 September 2013 has decreased by 4.2% from approximately HK\$279,683,000 in the corresponding period in 2012 to approximately HK\$268,036,000 in 2013. Revenue generated from the segment in servicing of motor vehicles and sales of auto parts contributed to more than 70% of the total revenue and has increased by approximately 16% of the total revenue as compared to corresponding period in 2012. While the revenue generated from the segment in technical fee income has also increased by approximately 1.6% of the total revenue. The decrease in total revenue was mainly contributed by the decrease in segment of sales of motor vehicles due to less car sales activity was being recorded.

#### **Gross Profit**

The gross profit for the nine months ended 30 September 2013 was approximately HK\$99,602,000, represented an increase of approximately 18.7% as compared to the corresponding period in 2012. The increase in gross profit was mainly due to increased revenue generated from the segment of servicing of motor vehicles and sales of auto parts that yield a higher profit margin with stringent cost control. While the gross profit margin has also increased from 30% to 37.2%.

#### **Exchange Gain/(Loss)**

For the nine months ended 30 September 2013, the exchange gain of the Group was amounted to approximately HK\$791,000, whereas an exchange loss of HK\$5,123,000 was recorded for the corresponding period in 2012. The exchange was mainly resulted from the translation of trade receivables, trade payables and inter-company balances from Renminbi, Singapore and US dollars to Hong Kong dollars and the transactions of imports and exports bill denominated in Euro and US dollars.

## Other Expenses

For the nine months ended 30 September 2013, other expenses were approximately HK\$35,452,000, representing an increase of approximately 29.2% as compared to the corresponding period in 2012. The increase was mainly due to the increase in expenses incurred in various advertising, functional and promotional events held in the PRC for the period, that align with the improvements in business performance in the car servicing sector. The amount represented approximately 13.2% (2012: 9.8%) of the total revenue for the nine months ended 30 September 2013.

## Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2013 was approximately HK\$56,525,000, representing an increase of 70.6% as compared to the corresponding period in 2012, amounted to approximately HK\$33,139,000.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

## PROSPECTS

The sales of deluxe automobiles in China showed a slight recovery in the third quarter of 2013 after slowing down for about six months. Overall sales of BMW and Mini vehicles in China in January and September has recorded twenty percent increase from a year earlier.

While China is now one of the biggest premium market for BMW and Mini, it is also key to other luxury European marques. The Directors are optimistic about the long term prospects of the sales of motor vehicles in the PRC. In order to improve the performance in this segment, a wholly owned subsidiary of the Company, Fuzhou BMW Automobiles Service Company Limited (“Fuzhou BMW”) acquired the entire equity interest in Fuzhou Euro Motors Sales and Services Company Limited# (“Fuzhou Furi”) on 24 October 2013 which is currently in negotiation with an European luxurious automobile manufacturer in relation to the distributorship of certain ultra-luxury European automobile brands in Fuzhou.



On 24 October 2013, Fuzhou BMW, entered into an Acquisition Agreement, pursuant to which with an independent third party to purchase the entire equity interest in Fuzhou Furi, at a cash consideration of RMB12.9 million (equivalent to approximately HK\$16.4 million). The principal terms of the acquisition agreement were set out in the announcement dated on 28 October 2013, as published on the Company's and HKEX websites.

After the acquisition of the entire equity interest in Fuzhou Furi by Fuzhou BMW was completed on 24 October 2013, Fuzhou BMW further injected additional capital of approximately RMB37.1 million (equivalent to approximately HK\$47.1 million) to Fuzhou Furi.

On 28 October 2013, Fuzhou BMW entered into the Disposal Agreement with another independent third party, pursuant to which Fuzhou BMW agreed to dispose of and the purchaser agreed to acquire the equity interest of 49% of the total enlarged capital in Fuzhou Furi, at the cash consideration of RMB24.5 million (equivalent to approximately HK\$31.1 million). The principal terms of the disposal agreement were set out in the announcement dated on 31 October 2013, as published on the Company's and HKEX websites.

The local car rental sector keeps performing satisfactorily. Strategy with our business partner are reviewed from time to time so as to maximize the return and enhance the yield in investment in the car rental business.

The Group strives for growth through sustaining development in core operations as well as seeking dynamic expansion from acquisition or joint venture as appropriate.

# *For identification propose only*

## **DIRECTOR'S INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2013, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

## Long positions in shares

Name	Capacity	Number of ordinary shares held				Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interests		
Loh Nee Peng	Interest of a controlled corporation	-	-	100,149,480 (Note 1)	-	100,149,480	21.03%
Loh Boon Cha	Deemed interest	-	54,865,480 (Note 2)	45,284,000 (Note 2)	-	100,149,480	21.03%

## Notes:

- The 100,149,480 shares are held as to 54,865,480 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 15%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd.
- The 100,149,480 shares are held as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which is interested as to 21% by Mr. Loh Boon Cha; and as to 54,865,480 shares by Big Reap 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 Big Reap Investment Limited due to family ties as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 September 2013, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITION OF SHAREHOLDERS

As at 30 September 2013, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:



Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 1)	45,284,000	9.51%
Loh Kim Her	Interest of a controlled corporation (Note 2)	53,284,000	11.19%
Fang Zhen Chun	Beneficial owner	90,792,000	19.06%
Chan Hing Ka Anthony	Beneficial owner and Interest of a controlled corporation (Note 3)	95,141,925	19.98%

Notes:

1. Loh & Loh Construction Group Ltd. is held as to 49% by Mr. Chan Hing Ka Anthony, as to 15% by Mr. Loh Kim Her, as to 15% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha. Mr. Chan Hing Ka Anthony, Mr. Loh Kim Her and Mr. Loh Nee Peng are Directors and Mr. Loh Boon Cha is the brother of Mr. Loh Kim Her and the father of Mr. Loh Nee Peng.
2. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited, and Loh & Loh Construction Group Ltd.
3. The 95,141,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 49% respectively by Mr. Chan Hing Ka Anthony, as well as 376,000 shares held directly as beneficial owner. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited and Loh & Loh Construction Group Ltd.

Save as disclosed above, as at 30 September 2013, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.



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

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

## COMPETING INTERESTS

During the nine months ended 30 September 2013, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

## SHARE OPTION SCHEME

During the nine months ended 30 September 2013, the Company has not adopt any share option schemes, nor does it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

## ADVANCES TO ENTITIES

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

Pursuant to the Rules 17.16 and 17.18, a disclosure obligation arises where the increment of relevant advance amount to an entity from the Group exceeds 3% under the assets ratio as defined under Rule 19.07(i) of the GEM Listing Rules (the “Assets Ratio”).

As at 30 September 2013, the Company’s total assets were approximately HK\$681,702,000.

	(Unaudited) As at 30 September 2013 <i>HK\$'000</i>	Assets Ratio (%)	(Unaudited) As at 30 June 2013 <i>HK\$'000</i>	Increment as compared to Assets Ratio (%)
Guarantee to NAGC	30,408	4.5%	30,312	N/A
Guarantees to Zhong Bao Group*	152,040	22.3%	151,560	N/A
	<b>182,448</b>	<b>26.8%</b>	<b>181,872</b>	

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



## **Guarantee to NAGC**

Guarantee in the amount of approximately HK\$30,408,000 (as at 30 June 2013: HK\$30,312,000) was provided to a bank in respect of banking facilities granted to NAGC Group. The guarantee was for the banking facilities granted for the use in car rental business by the Three Sub-licensees. The Group is negotiating with the correspondent bank to release the above guarantee. The Group does not have any security or receive any considerations from NAGC Group by giving such guarantee.

## **Guarantees to Zhong Bao Group**

Guarantees in the amount of approximately HK\$152,040,000 (as at 30 June 2013: HK\$151,560,000) were provided to banks in respect of banking facilities granted to Zhong Bao Group. The guarantees were for the bank facilities granted for the use in car trade business of Zhong Bao Group. The amount of guarantees to Zhong Bao Group represented 22.3% of Group's Assets Ratio.

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

During the nine months ended 30 September 2013, 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 Company has complied with the standards and requirements concerning board practices and procedures of the Board as set out in Rules 5.34 of the GEM Listing Rules. The Board also considers that the Company has complied with the code 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 2012.

## **AUDIT COMMITTEE**

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3., the Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Yin Bin, Miss Song Qi Hong and Mr. Wong Jacob. Mr. Lee Kwok Yung is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly (a) to review the Group's annual financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting process and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice per year and provide advices and comments thereon to the Board. The Audit Committee has received the 2013 third quarter results and provided comments.

The Audit, Nomination and Remuneration Committees have adopted revised written terms of references in compliance with the code C.3.3., A.5.2. and B.1.2. respectively. For further information on the terms of references for the Audit, Nomination, and Remuneration Committees, information are available and published on the Company's website at [www.ga-holdings.com.hk](http://www.ga-holdings.com.hk) and the HKEX website.

These unaudited condensed consolidated financial results have been reviewed by the Audit Committee of the Company and were approved by the Board of Directors on 12 November 2013.

## **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 2013.

## **DIRECTORS OF THE COMPANY**

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

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

Hong Kong, 12 November 2013