



# 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  
**2014**



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

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

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

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*This report, for which the directors (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of directors (the “Board”) of G.A. Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2014.

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

*For the three months and nine months ended 30 September 2014*

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	92,410	86,747	251,796	268,036
Other income	2	28,105	22,406	77,962	65,841
Changes in inventories Auto parts and accessories used, and motor vehicles purchased		9,339 (66,352)	6,067 (56,373)	34,917 (189,235)	4,940 (173,374)
Employee benefit expenses		(14,289)	(11,939)	(42,989)	(39,949)
Depreciation and amortisation		(4,627)	(4,262)	(13,839)	(12,577)
Operating lease charges		(6,357)	(2,252)	(14,601)	(6,592)
Exchange differences, net		(2,592)	782	(2,420)	791
Other expenses		(19,877)	(17,744)	(44,924)	(35,452)
<b>Profit from operating activities</b>		15,760	23,432	56,667	71,664
Finance costs		(2,528)	(2,430)	(6,760)	(8,816)
<b>Profit before income tax</b>		13,232	21,002	49,907	62,848
Income tax	3	(7,500)	42	(16,910)	(6,323)
<b>Profit for the period</b>		5,732	21,044	32,997	56,525



	Note	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income, item that may be reclassified subsequently to profit or loss:					
Exchange gain/(loss) on translation of financial statements of foreign operations		3,780	241	(6,859)	1,758
<b>Total comprehensive income for the period</b>		<b>9,512</b>	<b>21,285</b>	<b>26,138</b>	<b>58,283</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		8,098	21,044	37,609	56,525
Non-controlling interests		(2,366)	-	(4,612)	-
		5,732	21,044	32,997	56,525
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,603	21,279	31,254	58,246
Non-controlling interests		(2,091)	6	(5,116)	37
		9,512	21,285	26,138	58,283
<b>Earnings per share attributable to the owners of the Company for the period</b>	4	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic		1.70	4.42	7.90	11.87
Diluted		1.70	4.42	7.90	11.87

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

For the nine months ended 30 September 2014 and 2013

	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
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								
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
As at 1 January 2014	47,630	29,522	8,623	44,351	285,924	416,050	32,503	448,553
Profit for the period	-	-	-	-	37,609	37,609	(4,612)	32,997
Other comprehensive expense								
Translation difference	-	-	-	(6,355)	-	(6,355)	(504)	(6,859)
Total comprehensive income for the period	-	-	-	(6,355)	37,609	31,254	(5,116)	26,138
As at 30 September 2014	47,630	29,522	8,623	37,996	323,533	447,304	27,387	474,691



Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 10 November 2014.

### (a) Statement of compliance

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

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

The significant judgments made by Management in applying the Group's accounting policies, the key sources of estimation uncertainty, and, except for described below, the accounting policies adopted for the preparation of these unaudited consolidated results of the Group are consistent with those applied to the consolidated financial statements as at and for the year ended 31 December 2013.

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

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 2014.

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

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

### (c) Functional and presentation currency

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

## 2. REVENUE

Revenue of the Group is recognised by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>				
Sales of motor vehicles	14,123	7,230	17,308	38,899
Technical fee income	7,359	7,829	19,542	22,799
Servicing of motor vehicles and sales of auto parts	70,928	71,688	214,946	206,338
	92,410	86,747	251,796	268,036
<b>Other income</b>				
Rental income	6,001	5,706	17,584	17,557
Interest income on financial assets stated at amortised cost	168	57	486	782
Warranty claims	16,073	9,902	42,882	27,559
Others	5,863	6,741	17,010	19,943
	28,105	22,406	77,962	65,841

## 3. INCOME TAX

The current income tax is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Current – Hong Kong</b>				
Charge for the period	685	679	1,379	2,656
Under-provision in prior year	830	–	830	–
<b>Current – Overseas</b>				
Charge for the period	5,985	1,382	14,701	12,238
Over-provision in prior years	–	(2,103)	–	(8,571)
	7,500	(42)	16,910	6,323



Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 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% (2013: 25%).

The income tax in respect of operations in Singapore is calculated at the rate of 17% (2013: 17%) on the estimated assessable profits for the period.

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

#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the unaudited consolidated profit attributable to the owners of the Company for the three months ended 30 September 2014 of approximately HK\$8,098,000 (2013: HK\$21,044,000) and on the weighted average number of 476,300,000 (2013: 476,300,000) ordinary shares in issue during the three months ended 30 September 2014.

Diluted earnings per share for the three months ended 30 September 2014 and 2013 are the same as the basic earnings per share as there was no dilutive potential ordinary shares during the respective periods.

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 2014 of approximately HK\$37,609,000 (2013: HK\$56,525,000) and on the weighted average number of 476,300,000 (2013: 476,300,000) ordinary shares in issue during nine months ended 30 September 2014.

Diluted earnings per share for the nine months ended 30 September 2014 and 2013 are the same as the basic earnings per share as there was no dilutive potential ordinary shares during the respective periods.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the nine months ended 30 September 2014, revenue of the Group has decreased by approximately 6.1%, mainly contributed by the sharp decrease in sales of motor vehicles, despite the increase in the segment of servicing of motor vehicles and sales of auto parts was noted. The performance in the sales of motor vehicles segment is still lagging behind as customers are expecting the launch of various new car models in the last quarter of the year. Despite of this, the Group has commenced business in selling a wider range of luxurious automobiles to our customers and satisfying number of pre-orders for the premium automobiles have also been placed and received since the second quarter of 2014.

Besides, the total comprehensive income for the nine months ended 30 September 2014 was approximately HK\$26,138,000 as compared to approximately HK\$58,283,000 in the corresponding period in 2013, representing a decrease by approximately 55.2%. The decrease was due to the decreased revenue during the current period as well as the increase in various operating expenses in relation to the new dealership acquired since the last quarter of 2013.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2014, the revenue generated from sales of motor vehicles was approximately HK\$17,308,000, representing a decrease of approximately 55.5% as compared to the corresponding period in 2013. Such result has continuously reflected from the negative impact of the anti-extravagance campaign on luxury products in the PRC since last year, as well as defer in customer demand in luxurious vehicles during the period.

#### 2. Technical fee income

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

Technical fee income for the nine months ended 30 September 2014 was approximately HK\$19,542,000, decreased by approximately 14.3% as compared to the corresponding period in 2013. The decrease was mainly due to the corresponding decrease in the car sales of locally assembled BMW sold by Zhong Bao Group during the period.



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

For the nine months ended 30 September 2014, the revenue generated from servicing of motor vehicles and sales of auto parts increased by approximately 4.2% to approximately HK\$214,946,000 as compared to the corresponding period in 2013. 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.

### 4. Car rental business

The operation of car rental business in Hong Kong for the nine months ended 30 September 2014 was approximately HK\$17,584,000 which remained stable as compared to the corresponding period in 2013.

## FINANCIAL REVIEW

### Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2014 has decreased by approximately 6.1% from approximately HK\$268,036,000 in the corresponding period in 2013 to approximately HK\$251,796,000 in 2014. The decrease was mainly attributable to the decrease in segment in sales of motor vehicles and technical fee income despite there was an increase segment in servicing of motor vehicles and sales of auto parts.

### Gross Profit

The gross profit for the nine months ended 30 September 2014 was approximately HK\$97,478,000, represented a decrease of approximately 2.1% as compared to the corresponding period in 2013, while the gross profit margin for the current period increased to approximately 38.7% from approximately 37.2% in the corresponding period in 2013. The increase in gross profit margin was mainly resulted from the increased revenue generated from the segment of servicing of motor vehicles and sale of auto parts, which are both high profits yielding.

### Operating Lease Charges

The operating lease charges for the nine months ended 30 September 2014 increased by approximately 121.5% from approximately HK\$6,592,000 in the corresponding period in 2013 to approximately HK\$14,601,000 in 2014. This is mainly attributable to the rented motor vehicles under operating leases for a new marketing campaign and new offices and shops being leased for the new dealership in the PRC.

### Foreign Exchange Exposure

For the nine months ended 30 September 2014, an exchange loss of approximately HK\$2,420,000 was recorded, whereas an exchange gain for the corresponding period in 2013 was approximately HK\$791,000. The exchange loss was the net result of the translation of accounts receivables, accounts payables and inter-company balances from Renminbi to Hong Kong dollars.

### Other Expenses

For the nine months ended 30 September 2014, other expenses were approximately HK\$44,924,000, representing an increase of approximately 26.7% as compared to the corresponding period in 2013. The increase was mainly due to (i) increase in functional and promotional expenses incurred as a result from various marketing campaigns held in the PRC for the new car release during the current period; and (ii) more expenses incurred in relation to the new dealership acquired during end of 2013.

### Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2014 was approximately HK\$37,609,000, representing a decrease of approximately 33.5% as compared to the corresponding period in 2013, amounted to approximately HK\$56,525,000.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2014 (nine months ended 30 September 2013: Nil).

## PROSPECTS

Though a slight recovery was noted since the last quarter of 2013, the sales performance for the nine months ended 30 September 2014 is lagging behind as customers are expecting the launch of various new car models in rest of 2014 especially for smaller size cars. Nevertheless, the major premium carmakers forecasted that the overall market will still have promising outlook in the PRC. Furthermore, the operation of one of the subsidiaries of the Group, Fuzhou Euro Motors Sales & Service Co. Ltd., has commenced lately in June 2014 with official opening of its showroom in Fuzhou in mid of October 2014. Satisfying number of pre-orders for the premium automobiles have already been received and partially reflected in the third quarter of 2014. The Group therefore expects that its sales will follow this market trend in the rest of 2014.

Though the recent deterioration in foreign currencies may have some short term impact to the Group, the Board is confident that the car sales from the new dealership will benefit the Group's results in the coming quarter of 2014. Together with continuous demand in after-sales services and support, the Group result is expected to be prudently optimistic in last quarter of 2014.

The Group strives for growth through sustaining the development of its core operations as well as from seeking dynamic expansion through acquisitions or joint ventures with existing business partners.

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

As at 30 September 2014, the interests or short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in shares

Name	Capacity	Number of ordinary shares held				Total	Approximate percentage of shareholding
		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 (“Big Reap”) and as to 45,284,000 shares by Loh & Loh Construction Group Ltd. (“Loh & Loh”), 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 and Loh & Loh.
- Out of the 100,149,480 shares deemed to be interested by Mr. Loh Boon Cha, 45,284,000 shares are held by Loh & Loh, which in turn is interested as to 21% by Mr. Loh Boon Cha, 15% by Mr. Loh Kim Her, and 15% by Mr. Loh Nee Peng. Out of the 100,149,180 shares deemed interested by Mr. Loh Boon Cha, 54,865,480 shares are held by Big Reap which in turn is interested as to 100% by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Loh & Loh and Big Reap as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.



Save as disclosed above, as at 30 September 2014, 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 5.46 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 2014, 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 & Loh Construction Group Ltd.	Beneficial owner ( <i>Note 1</i> )	45,284,000	9.51%
Loh Kim Her	Interest of a controlled corporation ( <i>Note 2</i> )	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 ( <i>Note 3</i> )	95,141,925	19.98%

### Notes:

1. Loh & Loh is held as to 49% by Mr. Chan Hing Ka Anthony (“Mr. Chan”), 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.

2. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited (“Affluence Investment”), and as to 45,284,000 shares by Loh & Loh 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 and Loh & Loh.
3. The 95,141,925 shares held as to 49,481,925 shares by Tycoons Investment International Limited (“Tycoons”) and as to 45,284,000 shares by Loh & Loh, which are interested as to 100% and 49% respectively by Mr. Chan, as well as 376,000 shares held directly as beneficial owner. By virtue of the SFO, Mr. Chan is deemed to be interested in the shares held by Tycoons and Loh & Loh.

Save as disclosed above, as at 30 September 2014, 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.

Subsequent to the date of reporting period, Mr. Chan and Mr. Loh Nee Peng entered into a sale and purchase agreement dated 6 November 2014 in which Mr. Chan agreed to sell and Mr. Loh Nee Peng agreed to purchase all the shareholdings of Loh & Loh held by Mr. Chan (“Sale Shares”). In consideration for the Sale Shares, Mr. Loh Nee Peng procured Big Reap to transfer 22,189,160 shares of the Company to Tycoons. Completion of the sale and purchase of the Sale Shares took place on 7 November 2014.

Upon the completion of the sale and purchase of the Sale Shares, Loh & Loh is held as to 64% by Mr. Loh Nee Peng, as to 21% by Loh Boon Cha and as to 15% by Mr. Loh Kim Her.

## **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 2014, 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 2014, the Company has not adopted any share option schemes, nor does it have any options or securities in issue which are convertible or exchangeable into shares of the Company.

The Company passed an ordinary resolution at an extraordinary general meeting held on 10 October 2014 to adopt 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. As at the date of this report, no option has been granted under the Share Option Scheme.

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

As at 30 September 2014, the Company’s total assets were approximately HK\$744,503,000.

	(Unaudited) As at 30 September 2014 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2014 HK\$'000	Increment as compared to Assets Ratio
Guarantees to Zhong Bao Group	229,700	30.9%	227,500	N/A



## Guarantees to Zhong Bao Group

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

At the Extraordinary General Meeting (“EGM”) held on 14 March 2014, the Company obtained the Shareholders’ approval on the Facilities Guarantees and the Proposed Mandate. Immediately following the EGM, Xiamen BMW Automobiles Service Co. Ltd (“Xiamen BMW”), an indirect wholly-owned subsidiary of the Company, entered into:

- (1) the Facilities A Guarantee Agreement whereby Xiamen BMW agreed to provide a facility guarantee in favour of China CITIC Bank Xiamen Branch (“Facility A Lender”) in relation to the principal (RMB50 million, equivalent to approximately HK\$63.9 million), interest and fees of the borrowings under the Facilities A Agreements; and
- (2) the Facilities B Guarantee Agreement whereby Xiamen BMW agreed to provide a facility guarantee in favour of China Minsheng Bank (“Facility B Lender”) in relation to the principal (RMB50 million, equivalent to approximately HK\$63.9 million), interest and fees of the borrowings under the Facilities B Agreements.

According to the Facilities A Agreements entered into between Facility A Lender and Xiamen Zhong Bao (the “Borrower”) on 14 March 2014 and the Facilities B Agreement entered into between Facility B Lender and the Borrower on 14 March 2014, the interest in respect of Facility A and Facility B will be charged at rates to be determined at the time of utilisation of the facilities, depending on the type of facilities utilised.

Details of the Facilities Guarantees, including but not limited to (i) the salient terms of the two Facilities Guarantee Agreements; (ii) background of the provision of the Facilities Guarantees which constitutes a major transaction of the Company; and (iii) information of the Borrower and the Lenders, have been set out in the Announcement as published on 14 March 2014 and Circular as published on 26 February 2014 respectively.



As at 30 September 2014, the aggregate amount of guarantees provided by Xiamen BMW to the Borrower immediately after entering into the Facilities Guarantee Agreements was amounted to RMB182 million, equivalent to approximately HK\$229.7 million (31 December 2013: HK\$232.4 million), which is based on the guarantee provided by Xiamen BMW to the Borrower of RMB70 million prior to EGM, together with the maximum principal amount of RMB100 million under the Facilities Agreements and the estimate maximum amount of interest and fees under the Facilities Guarantees of RMB12 million as disclosed in the Circular as published on 26 February 2014.

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

During the nine months ended 30 September 2014, 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 2013. Details of the deviation are set out in the annual consolidated financial statements for the year ended 31 December 2013.

## **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 and quarterly financial statements; and (b) to review and supervise the financial reporting process and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board. The Audit Committee has received the 2014 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 Stock Exchange website.

These unaudited condensed consolidated financial statements have been reviewed by the Audit Committee of the Company and were approved by the board of directors on 10 November 2014.

## **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 2014.

## **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, 10 November 2014