



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)



Interim Report
2015





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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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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TO THE BOARD OF DIRECTORS OF G.A. HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liabilities)

Introduction

We have reviewed the interim financial information set out on pages 4 to 25, which comprise the condensed consolidated statement of financial position of G.A. Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as of 30 June 2015, the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month period then ended, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Lee Ming Wai

Practising Certificate no. P05682

Hong Kong, 10 August 2015

BDO Limited
香港立信德豪會計師事務所有限公司

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INTERIM RESULTS

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 six months ended 30 June 2015 (the “Interim Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2015

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2015	2014	2015	2014
		HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Revenue	2	127,390	94,005	246,277	186,195
Other income	2	15,780	12,788	74,635	23,048
Changes in inventories Auto parts and accessories used, and motor vehicles purchased		(24,750)	25,585	(25,371)	25,578
		(50,606)	(64,164)	(122,416)	(122,883)
Employee benefit expenses	3(b)	(16,448)	(20,815)	(28,276)	(28,700)
Depreciation and amortisation		(5,959)	(4,468)	(12,673)	(9,212)
Operating lease charges		(5,037)	(5,961)	(9,964)	(8,244)
Exchange differences, net		(150)	2,915	(1,394)	172
Impairment loss on goodwill	7	(3,750)	–	(3,750)	–
Other expenses		(15,791)	(14,959)	(31,603)	(25,047)
Profit from operating activities		20,679	24,926	85,465	40,907
Finance costs	3(a)	(1,642)	(2,461)	(4,053)	(4,232)
Profit before income tax	3	19,037	22,465	81,412	36,675
Income tax expense	4	(6,764)	(4,623)	(11,859)	(9,410)
Profit for the period		12,273	17,842	69,553	27,265



	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Other comprehensive income, item that may be reclassified subsequently to profit or loss:					
Exchange (loss)/gain on translation of financial statements of foreign operations		(2,437)	1,501	(13,225)	(10,639)
Total comprehensive income for the period		9,836	19,343	56,328	16,626
Profit for the period attributable to:					
Owners of the Company		15,187	19,630	74,536	29,511
Non-controlling interests		(2,914)	(1,788)	(4,983)	(2,246)
		12,273	17,842	69,553	27,265
Total comprehensive income for the period attributable to:					
Owners of the Company		12,638	21,054	61,323	19,651
Non-controlling interests		(2,802)	(1,711)	(4,995)	(3,025)
		9,836	19,343	56,328	16,626
Earnings per share	5	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted		3.19	4.12	15.65	6.20

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	6	103,098	107,316
Leasehold lands		4,515	4,564
Prepaid rental expenses		33,788	34,229
Goodwill	7	–	3,759
		141,401	149,868
Current assets			
Inventories		81,710	107,081
Trade receivables	8	84,302	116,550
Prepayment, deposits and other current assets	9	440,665	331,856
Pledged deposits		21,685	20,935
Cash and cash equivalents		23,537	34,272
		651,899	610,694
Current liabilities			
Trade payables	10	23,861	18,598
Accruals and other payables		75,223	112,510
Borrowings		100,182	90,718
Due to related companies		311	311
Due to directors		28,825	28,050
Tax payable		8,763	8,684
		237,165	258,871



	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
Net current assets	414,734	351,823
Total assets less current liabilities	556,135	501,691
Non-current liabilities		
Borrowings	5,009	6,893
Deferred tax liabilities	2,208	2,208
	7,217	9,101
Net assets	548,918	492,590
EQUITY		
Equity attributable to owners of the Company		
Share capital	47,630	47,630
Reserves	479,921	418,598
	527,551	466,228
Non-controlling interests	21,367	26,362
Total equity	548,918	492,590

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company						Non- controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Translation reserve*	Retained profits*	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2015 (unaudited)								
As at 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit for the period	-	-	-	-	74,536	74,536	(4,983)	69,553
Other comprehensive income								
Translation difference	-	-	-	(13,213)	-	(13,213)	(12)	(13,225)
Total comprehensive income for the period	-	-	-	(13,213)	74,536	61,323	(4,995)	56,328
As at 30 June 2015	47,630	29,522	8,623	25,114	416,662	527,551	21,367	548,918
For the six months ended 30 June 2014 (unaudited)								
As at 1 January 2014	47,630	29,522	8,623	44,351	285,924	416,050	32,503	448,553
Profit for the period	-	-	-	-	29,511	29,511	(2,246)	27,265
Other comprehensive income								
Translation difference	-	-	-	(9,860)	-	(9,860)	(779)	(10,639)
Total comprehensive income for the period	-	-	-	(9,860)	29,511	19,651	(3,025)	16,626
As at 30 June 2014	47,630	29,522	8,623	34,491	315,435	435,701	29,478	465,179

* These reserves accounts comprise the consolidated reserves of HK\$479,921,000 (31 December 2014: HK\$418,598,000) in the condensed consolidated statement of financial position as at 30 June 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	(Unaudited) Six months ended 30 June 2015 <i>HK\$'000</i>	(Unaudited) Six months ended 30 June 2014 <i>HK\$'000</i>
Net cash used in operating activities	(11,433)	(22,223)
Net cash used in investing activities	(3,049)	(13,671)
Net cash from financing activities	5,164	22,768
Net decrease in cash and cash equivalents	(9,318)	(13,126)
Cash and cash equivalents at beginning of period	34,272	54,036
Translation adjustments	(1,417)	(1,044)
Cash and cash equivalent at end of period, represented by cash and bank balances	23,537	39,866

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is an investment holding company. 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 interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2015.

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2014. Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014.

(b) Adoption of new or revised Hong Kong Financial Reporting Standards ("HKFRSs") – effective on 1 January 2015

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

The adoption of the above amendments has no material impact on the Group's interim 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.



1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

(b) Adoption of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) – effective on 1 January 2015 (Continued)

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2014.

The interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

(c) Restatement

	(Unaudited) As previously stated HK\$’000	(Unaudited) Reclassification HK\$’000	(Unaudited) As restated HK\$’000
Three months ended			
30 June 2014			
Revenue	76,396	17,609	94,005
Other income	30,397	(17,609)	12,788
Six months ended			
30 June 2014			
Revenue	159,386	26,809	186,195
Other income	49,857	(26,809)	23,048

During the year ended 31 December 2014, the management reviewed the nature of the Group’s income – warranty claims and decided to classify such income as revenue. Previously such income was included as other income. Warranty claims represent income generated from servicing of motor vehicles which are ordinary activities of the Group and accordingly, it is more appropriate to classify such income as revenue under “servicing of motor vehicles and sales of auto parts”. As a result, warranty claims income for the three months and six months ended 30 June 2014 amounting to HK\$17,609,000 and HK\$26,809,000 respectively have been reclassified from other income to revenue in the comparatives of the condensed consolidated statement of profit or loss and other comprehensive income. The restatement has no financial impact to the condensed consolidated statement of financial position.

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group recognised revenue by category as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)	2015 HK\$'000	2014 HK\$'000 (Restated)
Revenue				
Sales of motor vehicles	33,314	3,185	57,410	3,185
Technical fee income	6,878	6,989	14,027	12,183
Servicing of motor vehicles and sales of auto parts	87,198	83,831	174,840	170,827
	127,390	94,005	246,277	186,195
Other income				
Car rental income	6,574	6,136	13,312	11,583
Interest income on financial assets stated at amortised cost	100	42	493	318
Waiver of interest payable (Note)	–	–	45,626	–
Commission income	3,788	3,381	8,325	7,693
Financial guarantee income	2,747	–	3,770	1,193
Others	2,571	3,229	3,109	2,261
	15,780	12,788	74,635	23,048

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 (six months ended 30 June 2014: Nil) was recognised during the six months ended 30 June 2015.

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information

The Group has identified the following reportable segments:

- Motor vehicles -Sales of motor vehicles and provision of car-related technical services (“Activity 1”)
- Servicing service – Servicing of motor vehicles and sales of auto parts (“Activity 2”)
- Commission income from sales of cars from German Automobiles Pte Ltd. (“GAPL”) to German Automobiles Limited (“GAL”) (i.e. intra-group) (“Activity 3”)

Each of these reportable operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

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

(Unaudited)

	Six months ended 30 June 2015			
	Activity 1	Activity 2	Activity 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue [#]	71,437	174,840	–	246,277
Reportable segment (loss)/profit	(7,796)	33,275	–	25,479
Other Information				
Depreciation and amortisation	3,358	2,891	–	6,249
Impairment loss on goodwill	3,750	–	–	3,750
Impairment loss on inventories	1,898	–	–	1,898
Addition to non-current assets during the period	95	2,185	–	2,280

No inter-segment sale during the period ended 30 June 2015.

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2014			
	Activity 1 HK\$'000 (Restated)	Activity 2 HK\$'000 (Restated)	Activity 3 HK\$'000	Total HK\$'000 (Restated)
Revenue				
From external customers	15,368	170,827	–	186,195
From other segments	–	–	23	23
Reportable segment revenue	15,368	170,827	23	186,218
Reportable segment profit	4,373	25,226	23	29,622
Other Information				
Depreciation and amortisation	578	3,169	–	3,747
Reversal of impairment on trade receivables	(1,598)	–	–	(1,598)
Write-off of property, plant and equipment	–	62	–	62
Addition to non-current assets during the period	3,426	1,178	–	4,604

(b) Segment assets and liabilities

	(Unaudited)			
	As at 30 June 2015			
	Activity 1 HK\$'000	Activity 2 HK\$'000	Activity 3 HK\$'000	Total HK\$'000
Reportable segment assets	199,488	503,101	–	702,589
Reportable segment liabilities	84,753	89,946	–	174,699
	(Audited)			
	As at 31 December 2014			
	Activity 1 HK\$'000	Activity 2 HK\$'000	Activity 3 HK\$'000	Total HK\$'000
Reportable segment assets	242,819	418,805	–	661,624
Reportable segment liabilities	67,129	79,795	–	146,924

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

- (c) Reconciliation of segment information to the Group's key financial figures as presented in the interim financial statements

	(Unaudited)	
	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Reportable segment revenues	246,277	186,218
Elimination of inter-segment revenues	-	(23)
Group revenues	246,277	186,195
Reportable segment profit	25,479	29,622
Car rental income	13,312	11,583
Other income	61,323	11,465
Unallocated corporate expenses		
Employee benefit expenses	(4,069)	(3,202)
Depreciation and amortisation	(6,424)	(5,465)
Operating leases charges	(932)	(865)
Others	(6,939)	(6,058)
Finance costs	(338)	(382)
Elimination of inter-segment profits	-	(23)
Profit before income tax	81,412	36,675
	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Reportable segment assets	702,589	661,624
Non-current corporate assets (note (i))	33,905	35,467
Current corporate assets (note (ii))	56,806	63,471
Consolidated total assets	793,300	760,562
Reportable segment liabilities	174,699	146,924
Non-current corporate liabilities (note (iii))	6,340	9,101
Current corporate liabilities (note (iv))	63,343	111,947
Consolidated total liabilities	244,382	267,972

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(Continued)

- (c) Reconciliation of segment information to the Group's key financial figures as presented in the interim financial statements (Continued)

Notes:

- (i) Non-current corporate assets mainly include property, plant and equipment that not directly attributable to the business activities of the operating segments.
- (ii) Current corporate assets mainly include trade receivables, prepayment, deposits paid, bank balances and pledged deposits that not directly attributable to the business activities of the operating segments or that are managed on group basis.
- (iii) Non-current corporate liabilities include deferred tax liabilities and borrowings that not directly attributable to the business activities of the operating segments.
- (iv) Current corporate liabilities include trade and other payables, accruals, tax liabilities and borrowings that not directly attributable to the business activities of the operating segments or that are managed on group basis.
- (d) **Geographical segments**

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	(Unaudited) Six months ended 30 June 2015 HK\$'000	(Unaudited) Six months ended 30 June 2014 HK\$'000 (Restated)	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
Singapore	-	-	3,988	3,566
The People's Republic of China ("PRC")	246,277	186,195	103,510	110,836
Hong Kong	-	-	33,903	35,466
	246,277	186,195	141,401	149,868

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets or location of operations in case of goodwill.

Note:

Certain comparative amounts have been restated in order to achieve a consistent presentation with the current period. Details about the restatement are included in note 1(c).

3. PROFIT BEFORE INCOME TAX

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
(a) Finance costs on financial liabilities stated at amortised cost				
Interest charges on bank loans and other borrowings wholly repayable within five years	1,411	2,287	3,643	3,883
Interest element of finance lease rental payments	231	174	410	349
	1,642	2,461	4,053	4,232
(b) Employee benefits expenses (including directors' emoluments)				
Salaries and wages	14,288	18,243	24,645	24,822
Other benefits	1,659	2,549	2,555	3,624
Pension costs – defined contribution plans	501	23	1,076	254
	16,448	20,815	28,276	28,700
(c) Other items				
Depreciation of property, plant and equipment	5,718	4,196	12,184	8,700
Written off of property, plant and equipment	–	62	–	62
Gain on disposal of property, plant and equipment	(1,442)	(384)	(1,679)	(795)
Amortisation of prepaid rental expenses	220	232	440	464
Annual charges of prepaid operating land lease payments	21	40	49	48
Impairment loss on inventories	1,898	–	1,898	–
Impairment loss on goodwill	3,750	–	3,750	–
Reversal of impairment of trade receivables	–	(1,598)	–	(1,598)
Financial guarantee expense	1,141	845	2,712	845

4. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Current – Hong Kong				
Charge for the period	767	582	1,285	694
Current – Overseas				
Charge for the period	5,997	4,499	10,574	8,716
Over-provision in prior years	–	(458)	–	–
Total income tax expense	6,764	4,623	11,859	9,410

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of tax prevailing in the countries in which the Group operates.

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

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

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

5. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 June 2015 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 June 2015 of approximately HK\$15,187,000 (three months ended 30 June 2014: HK\$19,630,000) and on the weighted average number of 476,300,000 (three months ended 30 June 2014: 476,300,000) ordinary shares in issue during the three months ended 30 June 2015.



5. EARNINGS PER SHARE (Continued)

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the unaudited profit attributable to the owners of the Company for the six months ended 30 June 2015 of approximately HK\$74,536,000 (six months ended 30 June 2014: HK\$29,511,000) and on the weighted average number of 476,300,000 (six months ended 30 June 2014: 476,300,000) ordinary shares in issue during the six months ended 30 June 2015.

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

6. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with total cost of approximately HK\$8,370,000 (six months ended 30 June 2014: HK\$14,120,000) and disposed of certain items of property, plant and equipment with total carrying amount of approximately HK\$414,000 (six months ended 30 June 2014: HK\$595,000).

7. GOODWILL

	(Unaudited) Six months ended 30 June 2015 HK\$'000	(Audited) Year ended 31 December 2014 HK\$'000
Cost		
At beginning of period/year	3,759	3,798
Exchange adjustment	(9)	(39)
At end of period/year	3,750	3,759
Accumulated impairment		
At beginning of period/year	–	–
Impairment losses recognised during the period	3,750	–
At end of period/year	3,750	–
Carrying amount	–	3,759

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

7. GOODWILL (Continued)

The recoverable amounts of the CGU to which the goodwill is allocated, being car dealership conducted by a subsidiary, Fuzhou Euro Motors Sales and Services Co. Ltd (“Fuzhou Euro”) which was acquired in 2013, have been determined based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (31 December 2014: 3%), which does not exceed the long-term growth rate for the automobile industry in the PRC. Discount rate is 10% (31 December 2014: 13%) which is pre-tax and reflect specific risks relating to the relevant CGU. Operating margin is 9% (2014: 12%) which has been determined with reference to actual performance during the period and the expected market development.

During the six months ended 30 June 2015, due to the prolonged impact arising from the anti-extravagance policy in China and the sluggish sale market of ultra-luxury automobiles, the sales of Fuzhou Euro was adversely affected and it cannot meet the sales target previously set. This had an adverse impact on the estimated value in use of the CGU and an impairment loss on goodwill of HK\$3,750,000 was recognised in profit or loss during the six months ended 30 June 2015.

8. TRADE RECEIVABLES

The credit periods of the Group usually range from 3 to 9 months. As at 30 June 2015, the aging analysis of trade receivables, based on invoice date, was as follows:

	(Unaudited) As at 30 June 2015 HK\$'000	(Audited) As at 31 December 2014 HK\$'000
0 – 90 days	22,456	20,863
91 – 180 days	19,234	20,710
181 – 365 days	25,162	32,809
Over 1 year	19,039	43,842
	85,891	118,224
Less: allowance for impairment of receivables	(1,589)	(1,674)
	84,302	116,550



8. TRADE RECEIVABLES *(Continued)*

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

	(Unaudited) Six months ended 30 June 2015 <i>HK\$'000</i>	(Audited) Year ended 31 December 2014 <i>HK\$'000</i>
At 1 January 2015 and 2014	1,674	4,708
Amounts written off during the period	(84)	–
Reversal of impairment loss previous recognised	–	(3,015)
Exchange differences	(1)	(19)
At 30 June 2015 and 31 December 2014	1,589	1,674

9. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS

	(Unaudited) As at 30 June 2015 <i>HK\$'000</i>	(Audited) As at 31 December 2014 <i>HK\$'000</i>
Advances to Zhong Bao Group (note)	327,057	219,138
Current portion of prepaid rental expenses	883	899
Other receivables, prepayments and deposit paid	112,725	111,819
	440,665	331,856

9. PREPAYMENTS, DEPOSITS AND OTHER CURRENT ASSETS (Continued)

Note:

The Group has established a close working relationship with Xiamen Zhong Bao Automobiles Co., Limited (“Xiamen Zhong Bao”) and certain of its subsidiaries and related companies (“Zhong Bao Group”). In the opinion of the directors of the Company, Zhong Bao Group is the key partner of the Group in developing the Group’s potential business in the distribution of locally manufactured BMW motor vehicles.

Pursuant to technical and management service agreements (the “Technical Agreements”) entered into between the Group and Zhong Bao Group, the Group would provide technical expertise and financial assistance to Zhong Bao Group including making advances for the operations of the distribution of locally manufactured BMW motor vehicles in the PRC by Zhong Bao Group. The charge is based on agreed terms with reference to the monthly actual sales quantity of specified car model of Zhong Bao Group. Other than the above, the Group sells motor vehicles and auto parts to Zhong Bao Group. Trade receivables of HK\$71,529,000 due by Zhong Bao Group (31 December 2014: HK\$108,178,000) and advances arising from the above transactions amounted to HK\$398,586,000 as at 30 June 2015 (31 December 2014: HK\$327,316,000).

On 19 March 2015, the Group entered into agreement (the “ZB Repayment Agreements”) with Xiamen Zhong Bao in respect of the settlement of the outstanding receivables from Zhong Bao Group as at 31 December 2014 (the “ZB Balances”). Pursuant to the ZB Repayment Agreements, Xiamen Zhong Bao agreed to settle the outstanding net balance due to the Group amounting to HK\$324,176,000 as at 31 December 2014, which comprised of trade receivables and advances as mentioned above net with trade payables due to Zhong Bao Group, by instalments by 30 September 2015. Pursuant to the ZB Repayment Agreements, the motor vehicles purchased by Xiamen Zhong Bao have been pledged to the Group as security for the ZB Balances and the pledge of those motor vehicles is effective as long as there are outstanding balances due by Zhong Bao Group covering for the outstanding balances at the end of the reporting period.

In view of the satisfactory settlement record and the collateral in place as mentioned above, the directors are of the opinion that the advances and the trade receivables due by Zhong Bao Group is fully recoverable and thus no impairment provision is considered necessary.



10. TRADE PAYABLES

The credit period of the Group is usually 3 months. As at 30 June 2015, the aging analysis of trade payables, based on invoice date, is as follows:

	(Unaudited) As at 30 June 2015 <i>HK\$'000</i>	(Audited) As at 31 December 2014 <i>HK\$'000</i>
0 – 30 days	7,789	13,366
31 – 180 days	12,890	2,037
181 – 365 days	259	952
1 to 2 years	2,087	1,306
Over 2 years	836	937
	23,861	18,598

11. COMMITMENTS

(a) Operating lease commitments

As lessor

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

As at 30 June 2015, the Group has total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	(Unaudited) As at 30 June 2015 <i>HK\$'000</i>	(Audited) As at 31 December 2014 <i>HK\$'000</i>
Within one year	19,561	13,592
After one year but within five years	7,539	10,645
	27,100	24,237

11. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

As lessee

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

As at 30 June 2015, the total future minimum lease payment under non-cancellable operating leases payable by the Group are as follows:

	(Unaudited) As at 30 June 2015 <i>HK\$'000</i>	(Audited) As at 31 December 2014 <i>HK\$'000</i>
Within one year	18,555	13,925
After one year but within five years	27,202	25,902
After five years	27,361	17,431
	73,118	57,258

(b) Capital commitment

As at 30 June 2015, there is commitment contracted but not provided for the purchase of property, plant and equipment of approximately HK\$149,000 (31 December 2014: HK\$240,000).



12. CONTINGENT LIABILITIES

As at 30 June 2015, the Group had given guarantees in the ordinary course of business as follows:

	(Unaudited) As at 30 June 2015 <i>HK\$'000</i>	(Audited) As at 31 December 2014 <i>HK\$'000</i>
Guarantees for banking facilities granted to Zhong Bao Group – principal amount (note)	215,560	215,560

Note:

For details of the guarantees for banking facilities granted to Zhong Bao Group, please refer to the Company's circular dated 24 December 2014.

Included in accruals and other payables as at 30 June 2015 of approximately HK\$3,209,000 (31 December 2014: approximately HK\$2,638,000) are liabilities recognised in relation to the above guarantees.

13. TRANSACTIONS WITH ZHONG BAO GROUP

Save for those disclosed as set out in notes 9 and 12, the Group has generated revenue from servicing of motor vehicles and sales of auto parts of HK\$27,224,000 (six months ended 30 June 2014: HK\$28,048,000) and provision of technical service of HK\$14,027,000 (six months ended 30 June 2014: HK\$12,183,000) to Zhong Bao Group during the six months ended 30 June 2015.

14. RELATED PARTY TRANSACTIONS

	(Unaudited) Six months ended 30 June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Key management personnel compensation		
Short term employee benefits	2,587	2,863
Post-employment benefits	92	89
	2,679	2,952

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the period ended 30 June 2015, the Group recorded the total comprehensive income of HK\$56,328,000 as compared to HK\$16,626,000 in the corresponding period in year 2014. The increase in total comprehensive income was mainly resulted from i) the increase in total revenue; ii) the waiver of interest payable of HK\$45,626,000 from a creditor; and offset with iii) impairments made on goodwill and inventories during the current period.

1. Sales of motor vehicles

For the six months ended 30 June 2015, revenue generated from the sales of motor vehicles was approximately HK\$57,410,000, representing 18 times of that of corresponding period in 2014. This is contributed by our dealership store in Fuzhou operated in mid of 2014.

2. Technical fee income

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



Technical fee income for the six months ended 30 June 2015 was approximately HK\$14,027,000, increased by approximately 15.1% as compared to the corresponding period in 2014. The increase was mainly due to the recovery in sales of locally assembled BMW sold by Zhong Bao Group during the period.

3. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts has continuously increased during the Interim Period and has slightly increased by approximately 2.3% to HK\$174,840,000 as compared to the corresponding period in 2014. The increase was consistently driven by the continuous demand of after sales support for luxurious vehicles, supplemented by the precious service of the Group's servicing centers in the PRC.

4. Car rental business

The operation of car rental business in Hong Kong for the six months ended 30 June 2015 was approximately HK\$13,312,000, representing an increase of 14.9% as compared to the corresponding period in 2014.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the six months ended 30 June 2015 has increased by approximately 32.3% from HK\$186,195,000 (restated) in the corresponding period in 2014 to HK\$246,277,000. The increase was mainly contributed by the sharp increase in sales of motor vehicles and satisfactory growths in both technical fee income and servicing of motor vehicles and sales of auto parts following the high-end new cars with smaller size being popular in the PRC.

Gross Profit

The gross profit for the Interim Period was approximately HK\$98,490,000, increased by approximately 10.8% as compared to the corresponding period in 2014, while the gross profit margin for the Interim Period decreased from approximately 47.7% in the corresponding period in 2014 to approximately 40.0% in the Interim Period.

The decrease in gross profit margin was mainly due to the decrease in contribution from the segment of servicing of motor vehicles and sale of auto parts, which is high profit-yielding.

Foreign Exchange Exposure

For the Interim Period, the exchange loss of the Group was amounted to approximately HK\$1,394,000, as compared to the gain of approximately HK\$172,000 from the corresponding period in 2014. 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 Interim Period, other expenses were approximately HK\$31,603,000, representing an increase of approximately 26.2% as compared to the corresponding period in 2014. The increase was mainly due to i) increase in promotional and other marketing expenses as a result of the full operation of the dealership store in Fuzhou; ii) the impairment losses on inventories.

Profit Attributable to Owners of the Company

Approximately HK\$74,536,000 (30 June 2014: HK\$29,511,000), representing an increase of approximately 152.6% as compared to the corresponding period in 2014. The increase was a net result of i) waiver of interest payable of HK\$45,626,000 from a creditor; ii) the increased revenue and iii) impairments made on goodwill and inventories.

Financial Resources and Liquidity

As at 30 June 2015, shareholders' fund of the Group amounted to approximately HK\$548,918,000 (31 December 2014: HK\$492,590,000). Current assets amounted to approximately HK\$651,899,000 (31 December 2014: HK\$610,694,000). Of which, approximately HK\$45,222,000 (31 December 2014: HK\$55,207,000) were cash and bank deposits. Current liabilities, amounted to approximately HK\$237,165,000 (31 December 2014: HK\$258,871,000), were mainly trade payables, bank loans, accruals and other payables, and amounts due to Directors. The Group had non-current liabilities amounted to approximately HK\$7,217,000 (31 December 2014: HK\$9,101,000). The net asset value per share as at 30 June 2015 was at approximately HK\$1.15 (31 December 2014: HK\$1.03).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings less cash and cash equivalents (net debt), divided by total equity plus net debt. As at 30 June 2015, the gearing ratio of the Group was approximately 0.13 (31 December 2014: 0.11).



Contingent Liabilities

As at 30 June 2015, the Group also provided bank guarantees with an aggregate principal amount of HK\$215,560,000 (31 December 2014: HK\$215,560,000) in respect of banking facilities to Zhong Bao Group.

Charges On Group Assets

As at 30 June 2015, fixed deposits of approximately HK\$10,894,000 (31 December 2014: HK\$10,144,000) were pledged to banks to secure banking facilities of the Group while amounts of HK\$10,791,000 (31 December 2014: HK\$10,791,000) were pledged to banks to guarantee the borrowings of one of our suppliers.

Employee Information

As at 30 June 2015, the total number of employee of the Group was approximately 431 (30 June 2014: 435). For the Interim Period, the staff costs including Directors' remuneration of the Group, comprises of approximately 11.5% of the revenue of the Group and was approximately HK\$28,276,000, slightly decreased by 1.5% as compared to the corresponding period in 2014. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Retirement Benefits

During the Interim Period, the aggregate amount of the employer's contribution of the Group under Central Provident Fund in Singapore and Mandatory Provident Fund in Hong Kong was amounted to approximately HK\$1,076,000 (six months ended 30 June 2014: HK\$254,000).

Capital Structure of the Group in Debt Securities

During the Interim Period and the corresponding period in 2014, the Group has no debt securities in issue.

Materials Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Interim Period and the corresponding period in 2014, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Material Investments or Capital Assets

Please refer to note 11(b) of the condensed consolidated interim financial statements for details of capital commitments.

Interim Dividend

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

PROSPECTS

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

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

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INTERIM
REPORT
2015

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

As at 30 June 2015, the interests or short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Name	Capacity	Number of ordinary shares held			Approximate percentage of shareholding
		Family Interest	Corporate Interest	Total	
Loh Nee Peng	Interest of a controlled corporation	-	77,960,320 (Note 1)	77,960,320	16.37%
Loh Boon Cha	Deemed interest	32,676,320 (Note 2)	45,284,000 (Note 2)	77,960,320	16.37%



Notes:

1. The 77,960,320 shares are held as to 32,676,320 shares by Big Reap Investment Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 64%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd.
2. Out of the 77,960,320 shares deemed to be interested by Mr. Loh Boon Cha, 45,284,000 shares are held by Loh & Loh Construction Group Ltd., which in turn is interested as to 21% by Mr. Loh Boon Cha, 15% by Mr. Loh Kim Her, and 64% by Mr. Loh Nee Peng. Out of the 77,960,320 shares deemed interested by Mr. Loh Boon Cha, 32,676,320 shares are held by Big Reap Investment Limited which in turn is interested as to 100% by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Loh & Loh Construction Group Ltd. and Big Reap Investment Limited as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

Save as disclosed above, as at 30 June 2015, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2015, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Big Reap Investment Limited	Beneficial owner (Note 1)	32,676,320	6.86%
Loh & Loh Construction Group Ltd.	Beneficial owner (Note 2)	45,284,000	9.51%
Loh Kim Her	Interest of a controlled corporation (Note 3)	53,284,000	11.19%
Tycoons Investment International Limited	Beneficial owner (Note 4)	71,671,085	15.05%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation (Note 5)	72,047,085	15.13%
Fang Zhen Chun	Beneficial owner	90,792,000	19.06%

Notes:

1. Big Reap Investment Limited is 100% held by Mr. Loh Nee Peng.
2. Loh & Loh Construction Group Ltd. is held as to 15% by Mr. Loh Kim Her, as to 64% by Mr. Loh Nee Peng and as to 21% by Mr. Loh Boon Cha.
3. The 53,284,000 shares held as to 8,000,000 shares by Affluence Investment International Limited, and as to 45,284,000 shares by Loh & Loh construction Group Ltd., which are interested as to 100% and 15% respectively by Mr. Loh Kim Her. By virtue of the SFO, Mr. Loh Kim Her is deemed to be interested in the shares held by Affluence Investment International Limited and Loh & Loh Construction Group Ltd.



4. Tycoons Investment International Limited is 100% held by Mr. Chan Hing Ka Anthony.
5. The 72,047,085 shares held as to 71,671,085 shares by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony, and 376,000 shares held directly by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares by Tycoons Investment International Limited.

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

SHARE OPTION SCHEME

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

During the six months ended 30 June 2015, 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 GEM 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 June 2015, the Company’s total assets were approximately HK\$793,300,000.

	(Unaudited) As at 30 June 2015 HK\$'000	Assets Ratio (%)	(Unaudited) As at 31 March 2015 HK\$'000	Increment as compared to Assets Ratio
Guarantees to Zhong Bao Group (note)	215,560	27.2%	214,540	N/A

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

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

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

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

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



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2015, the Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings 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 were 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 Provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the period. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2014. Details of the deviation are set out in the annual consolidated financial statements for the year ended 31 December 2014.

AUDIT COMMITTEE

Pursuant to Rule 5.28 to 5.33 of the GEM Listing Rules and Code Provision C.3.3, the Company's Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Lee Kwok Yung, Mr. Yin Bin, Ms. 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 2015 interim results and provided comments.

The unaudited condensed consolidated financial statements have been reviewed by the Audit Committee and the auditor of the Company and were approved by the Board of Directors on 10 August 2015.

PROPOSED TRANSFER OF LISTING

The Company has submitted a formal application to the Stock Exchange on 14 April 2015 for the proposed transfer of listing of the shares from the GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A and relevant provisions of the GEM Listing Rules. For details, please refer to the announcement “Proposed transfer of the listing of the shares from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Limited” dated 14 April 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Interim Period.

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. Independent Non-Executive Directors of the Company as at the date hereof are Mr. Yin Bin, Mr. Lee Kwok Yung, Ms. 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 August 2015