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**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)**

**NOTIFIABLE, CONNECTED AND CONTINUING CONNECTED  
TRANSACTIONS NOT PREVIOUSLY DISCLOSED  
BREACH OF GEM LISTING RULES**

Reference is made to the announcements of the Company dated 3 February 2016, 14 March 2016 and 15 March 2016 (the “**Announcements**”) in relation to certain undisclosed continuing connected transactions.

Upon further enquiries and review of the records of the Group, herebelow is a summary of the key findings with respect to notifiable, connected and continuing connected transactions that were not previously disclosed:

**1. ZHONG BAO GROUP A CONNECTED PERSON OF THE COMPANY DURING THE RELEVANT PERIOD**

As previously disclosed in the Announcements, Mr. Zhao was a director of a wholly owned subsidiary of the Company, Fuzhou Xingbao, for the period from 1 November 2009 to 26 April 2015. Further review of documents and records after the Announcements showed that Mr. Zhao was also a director of a wholly owned subsidiary of the Company, Xiamen BMW, for the period between 19 October 2008 and 10 April 2013, and of another wholly owned subsidiary of the Company, RUF China, for the period between 28 September 2011 and 1 April 2015. Accordingly, he was a connected person of the Company at the subsidiary level, under the GEM Listing Rules, for the period between 19 October 2008 and 25 April 2016 (i.e. the Relevant Period).

Mr. Zhao was the beneficial owner of 99% of the equity interests in Beijing Zhong Bao for the period between 21 August 2008 and 31 May 2011 and beneficial owner of 100% of the equity interests in Beijing Zhong Bao for the period between 1 June 2011 and 1 November 2011. On 2 November 2011, Mr. Zhao transferred 99% of his beneficial interests in Beijing Zhong Bao to iAuto, wholly owned by Mr. Zhao.

Therefore, Beijing Zhong Bao and its subsidiaries were associates (as defined under the GEM Listing Rules) of Mr. Zhao and therefore connected persons of the Company at the subsidiary level under the applicable GEM Listing Rules for the Relevant Period. Accordingly, all transactions during the Relevant Period between the Company and its subsidiaries, and Zhong Bao Group were connected transactions.

The Group has, since the Announcements, made further enquiries and further reviewed the records of the Group and identified the transactions listed under the section below headed “2. Undisclosed Notifiable, Connected and Continuing Connected Transactions during the Relevant Period”, notifiable, connected and continuing connected transactions that should have previously been disclosed but not disclosed.

## **2. UNDISCLOSED NOTIFIABLE, CONNECTED AND CONTINUING CONNECTED TRANSACTIONS DURING THE RELEVANT PERIOD**

### **2A. Co-Operation Agreements**

#### ***2A(1) Xiamen 2008 Co-Operation Agreement***

GA Singapore, a wholly owned subsidiary of the Company, had on 7 October 2008, entered into a co-operation agreement (the “**Xiamen 2008 Co-Operation Agreement**”) with Xiamen Zhong Bao, a direct wholly owned subsidiary of Beijing Zhong Bao, pursuant to which GA Singapore shall provide, amongst other things, sales and management consultancy services to Xiamen Zhong Bao with respect to sale and after sales services of motor vehicles in the PRC. The term of the Xiamen 2008 Co-Operation Agreement was for approximately 5 years, ended on 6 October 2013. The consultancy fee payable to GA Singapore under the Xiamen 2008 Co-Operation Agreement was calculated based on the number and model of motor vehicles sold by Xiamen Zhong Bao. As such, the contract amount with respect to the Xiamen 2008 Co-Operation Agreement could not have been determined at the time of execution of the agreement.

The consultancy fees received under the Xiamen 2008 Co-Operation Agreement were recorded as revenue of the Group and thus the transactions under the Xiamen 2008 Co-Operation Agreement were of a revenue nature in the usual and ordinary course of business of the Group and thus were not transactions under Chapter 19 of the GEM Listing Rules.

Xiamen Zhong Bao was during the Relevant Period a direct wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Xiamen Zhong Bao was a connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules commencing first date of the Relevant Period. Accordingly, the Xiamen 2008 Co-Operation Agreement became a continuing connected transaction on 19 October 2008. The Company continued to conduct the transactions under the Xiamen 2008 Co-Operation Agreement within the Relevant Period until expiration date of the Xiamen 2008 Co-Operation Agreement on 6 October 2013. Accordingly, the Xiamen 2008 Co-Operation Agreement, being continuing connected transaction, was subject to reporting, annual review and disclosure requirements under the Pre-2014 GEM Listing Rules. The Company did not make the necessary reporting, annual review and disclosure; and, thus the Company breached Rules 20.37, 20.38, 20.41, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules.

#### ***2A(2) Fuzhou 2006 Co-Operation Agreement***

GA Singapore had on 8 January 2006 entered into a co-operation agreement (the “**Fuzhou 2006 Co-Operation Agreement**”) with Fuzhou Zhong Bao, a wholly owned subsidiary of Beijing Zhong Bao, pursuant to which GA Singapore shall provide, amongst other things, sales and management consultancy services to Fuzhou Zhong Bao with respect to sale and after sales services of motor vehicles in the PRC. The term of the Fuzhou 2006 Co-Operation Agreement was for approximately 5 years, ended on 31 December 2010. The consultancy fee payable to GA Singapore under the Fuzhou 2006 Co-Operation Agreement was calculated based on the number and model of motor vehicles sold by Fuzhou Zhong Bao. As such, the contract amount with respect to the Fuzhou 2006 Co-Operation Agreement could not have been determined at the time of execution of the agreement. GA Singapore and Fuzhou Zhong Bao entered into a supplemental deed on 7 August 2009 to amend the amount of consultancy fee payable for each motor vehicle sold under the Fuzhou 2006 Co-Operation Agreement.

The consultancy fees received under the Fuzhou 2006 Co-Operation Agreement were recorded as revenue of the Group and thus the transactions under the Fuzhou 2006 Co-Operation Agreement were of a revenue nature in the usual and ordinary course of business of the Group and thus were not transactions under Chapter 19 of the GEM Listing Rules.

Fuzhou Zhong Bao was during the Relevant Period a wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Fuzhou Zhong Bao was a connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules commencing first date of the Relevant Period. Accordingly, the Fuzhou 2006 Co-Operation Agreement became a continuing connected transaction on 19 October 2008. The Company continued to conduct the transactions under the Fuzhou 2006 Co-Operation Agreement within the Relevant Period until expiration date of the Fuzhou 2006 Co-Operation Agreement on 31 December 2010. Accordingly, the Fuzhou 2006 Co-Operation

Agreement, being continuing connected transaction, was subject to reporting, annual review and disclosure requirements under the Pre-2014 GEM Listing Rules. The Company did not make the necessary reporting, annual review and disclosure; and, thus the Company breached Rules 20.35(1), 20.35(2), 20.37, 20.38, 20.41, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules.

### ***2A(3) Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement***

GA Hong Kong had on 7 March 2007 entered into a co-operation agreement (the “**Quanzhou 2007 Co-Operation Agreement**”) with Quanzhou Fubao, an indirect wholly owned subsidiary of Beijing Zhong Bao, and a co-operation agreement (the “**Tianjin 2007 Co-Operation Agreement**”) with Tianjin Tianbao, a direct wholly owned subsidiary of Beijing Zhong Bao, pursuant to each of which GA Hong Kong shall provide, amongst other things, sales and management consultancy services to Quanzhou Fubao and Tianjin Tianbao with respect to sale and after sales services of motor vehicles in the PRC. The term of each of the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement was for approximately 5 years, and ended on 31 December 2011. The consultancy fees payable to GA Hong Kong under the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement were calculated based on the number and model of motor vehicles sold by Quanzhou Fubao and Tianjin Tianbao, respectively. As such, the contract amounts with respect to the Quanzhou 2007 Co-Operation Agreement and Tianjin Co-Operation Agreement could not have been determined at the time of execution of the agreements. GA Hong Kong and each of Quanzhou Fubao and Tianjin Tianbao entered into supplemental deeds on 7 August 2009, 3 January 2011 and 1 May 2012 to amend the amount of consultancy fee payable for each motor vehicle sold under the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement.

The consultancy fees received under the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement were recorded as revenue of the Group and thus the transactions under the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement were of a revenue nature in the usual and ordinary course of business of the Group and thus were not transactions under Chapter 19 of the GEM Listing Rules.

Quanzhou Fubao was during the Relevant Period an indirect, while Tianjin Tianbao was during the Relevant Period a direct, wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, each of Quanzhou Fubao and Tianjin Tianbao was a connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules commencing first date of the Relevant Period. Accordingly, each of the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement became a continuing connected transaction on 19 October 2008. The Company continued to conduct the transactions under the Quanzhou 2007 Co-Operation

Agreement and Tianjin 2007 Co-Operation Agreement within the Relevant Period until expiration date of the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement on 31 December 2011. Accordingly, each of the Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement, being continuing connected transaction, was subject to reporting, annual review and disclosure requirements under the Pre-2014 GEM Listing Rules. The Company did not make the necessary reporting, annual review and disclosure; and, thus the Company breached Rules 20.35(1), 20.35(2), 20.37, 20.38, 20.41, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules.

***2A(4) Co-operation between the Group and Zhong Bao Group after expiration of Xiamen 2008 Co-operation Agreement, Fuzhou 2006 Co-Operation Agreement, Quanzhou 2007 Co-Operation Agreement and Tianjin 2007 Co-Operation Agreement (collectively the “Undisclosed Co-Operation Agreements”)***

Upon expiration of each of the Undisclosed Co-Operation Agreements, the Group and Zhong Bao Group did not enter into any agreement to renew the term of the Undisclosed Co-Operation Agreements or enter into new agreements with respect to provision of consultancy services in relation to sales and after sales services of motor vehicles. The Group continued, immediately after the expiration of the respective Undisclosed Co-Operation Agreements, to provide consultancy services in relation to sales and after sales services of motor vehicles to Zhong Bao Group, in substantially the same terms, other than revisions of consultancy fees payable, as that in the Undisclosed Co-Operation Agreements, during and after the Relevant Period.

The consultancy fees received by the Group from Zhong Bao Group as a result of the provision of consultancy services in relation to the sales and after sales services of motor vehicles were recorded as revenue of the Group and thus such transactions as between the Group and Zhong Bao Group upon expiration of each of the Undisclosed Co-Operation Agreements were of a revenue nature in the usual and ordinary course of business of the Group and thus were not transactions under Chapter 19 of the GEM Listing Rules.

The transactions between the Group and Zhong Bao Group immediately after expiration of the respective Undisclosed Co-Operation Agreements until end of the Relevant Period with respect to provision of consultancy services in relation to sales and after sale services of motor vehicles, constituted continuing connected transactions under the applicable GEM Listing Rules. For the purpose of determining the applicable percentage ratios under the applicable GEM Listing Rules, the highest annual consultancy fee income recognised by GA Singapore and GA Hong Kong from each of Xiamen Zhong Bao, Fuzhou Zhong Bao, Quanzhou Fubao and Tianjin Tianbao for the period since end of the relevant Undisclosed Co-operation Agreements until end of the Relevant Period were used. As one or more of the applicable percentage ratios under the applicable GEM Listing Rules are greater than 0.1% but less than 5%, such transactions were subject to reporting, announcement and annual review requirements, but exempted from independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. The

Company did not make the necessary announcement or reporting, nor did the independent non-executive directors or auditors of the Company conducted annual review, with respect to the abovementioned transactions; and, thus the Company breached Rules 20.35(1), 20.35(2), 20.37, 20.38, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules and Rules 20.33, 20.47, 20.51, 20.53, 20.54 and 20.55 of the Post-2014 GEM Listing Rules.

## **2B. Lease Agreements**

At the beginning of each calendar year from 2009 to 2016, Fuzhou Xingbao, an indirect wholly owned subsidiary of the Company, as tenant entered into a lease agreement (collectively “**Lease Agreements**” and each a “**Lease Agreement**”) with Fuzhou Zhong Bao, a wholly owned subsidiary of Beijing Zhong Bao, as landlord for the lease of a property located at Fuzhou, PRC. Pursuant to the Lease Agreements, the rental fee payable by Fuzhou Xingbao under each of the Lease Agreements for the first 2 years of the lease (i.e. for the period between 1 January 2009 to 31 December 2010) was RMB4.2 million per annum. The total amount payable by Fuzhou Xingbao under each of the Lease Agreements for the rest of the period (i.e. between 1 January 2011 to 31 December 2016) was RMB9.6 million per annum, of which RMB4.2 million was the annual rental fee and RMB5.4 million was the annual amount payable to maintain and upgrade the leased premises that meet the standard required for the servicing of a premium branded motor vehicles.

As one or more of the applicable percentage ratios in relation to each of the Lease Agreements for the period between 1 January 2009 and 31 December 2009 and for the period between 1 January 2016 to 31 December 2016 are below 5%; the entering into each of such Lease Agreements was exempted from reporting, announcement and Shareholders’ approval requirements under Chapter 19 of the applicable GEM Listing Rules. As one or more of the applicable percentage ratios in relation to each of the Lease Agreements between the period 1 January 2010 and 31 December 2015 are more than 5% but less than 25% under the applicable GEM Listing Rules, the entering into each of such Lease Agreements constituted discloseable transaction of the Company under Chapter 19 of the applicable GEM Listing Rules, and was therefore subject to reporting and announcement requirements. The Company did not make the necessary reporting or announcement with respect to such Lease Agreements, as required under the applicable GEM Listing Rules; and, thus the Company breached (i) Rules 19.34 of the Pre-2014 GEM Listing Rules with respect to Lease Agreements for the period between 1 January 2010 to 31 December 2014; and (ii) Rule 19.34 of the Post-2014 GEM Listing Rules with respect to the Lease Agreements for the period between 1 January 2015 to 31 December 2015.

Fuzhou Zhong Bao was during the Relevant Period a wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Fuzhou Zhong Bao was a connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules commencing first date of the Relevant Period.

Accordingly, the entering into each of the Lease Agreements for the period between 1 January 2009 to 31 December 2016 constituted a continuing connected transaction between the Company and its connected person.

As one or more of the applicable percentage ratios under the applicable GEM Listing Rules with respect to each of the Lease Agreements for the period between 1 January 2009 and 31 December 2009, and for the period between 1 January 2016 and 31 December 2016 are greater than 0.1% but less than 5%, each such transaction was subject to reporting, announcement and annual review by the Company's independent non-executive directors and auditors requirements, but exempted from independent Shareholders' approval under Chapter 20 of the applicable GEM Listing Rules. The Company did not make the necessary reporting or announcement, nor did the independent non-executive directors or auditors of the Company conducted annual review, with respect to the entering into such Lease Agreements; and, thus the Company breached (i) Rules 20.37, 20.38, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules with respect to the Lease Agreement for the period between 1 January 2009 to 31 December 2009; and (ii) Rules 20.33, 20.47, 20.53, 20.54 and 20.55 of the Post-2014 GEM Listing Rules with respect to the Lease Agreement for the period between 1 January 2016 to 31 December 2016.

As one or more of the applicable percentage ratios under the applicable GEM Listing Rules with respect to the Lease Agreements for each of the calendar years between 2010 to 2015 are greater than 5% but less than 25% and that the annual consideration was greater than HK\$10,000,000, the transactions were subject to reporting, announcement, annual review and independent Shareholders' approval under Chapter 20 of the applicable GEM Listing Rules. The Company did not make the necessary announcement or reporting, nor did the Company obtain independent Shareholders' approval, nor did independent non-executive directors or auditors conduct annual review, and thus, the Company breached (i) Rules 20.21, 20.37, 20.38, 20.46, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules with respect to each of the Lease Agreements for the period between 1 January 2010 and 31 December 2014; and (ii) Rules 20.33, 20.34, 20.37, 20.44, 20.47, 20.53, 20.54 and 20.55 of the Post-2014 GEM Listing Rules with respect to each of the Lease Agreements for the period between 1 January 2015 and 31 December 2015.

## **2C. Guarantees and charges**

### ***2C(1) – 2008 CITIC Guarantee and Charge***

Xiamen BMW, an indirect wholly owned subsidiary of the Company, had on 29 October 2008 executed a deed of guarantee ("**2008 CITIC Guarantee**") and on 15 May 2009 a deed of charge ("**2008 CITIC Charge**") charging a real property owned by the Group in Xiamen, PRC, both in favor of 中信銀行股份有限公司廈門分行 (China CITIC Bank Corporation Limited (Xiamen Branch)\*) ("**CITIC Bank**") to secure repayment by Xiamen Zhong Bao, being a borrower, of outstanding amounts owed under a revolving line of

credit granted by CITIC Bank to Xiamen Zhong Bao up to a maximum amount of RMB40 million (“**2008 CITIC Loan**”) which was available for withdrawal up until 30 October 2009. Obligations of Xiamen BMW under the 2008 CITIC Guarantee and 2008 CITIC Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2008 CITIC Loan have been repaid.

#### ***2C(2) – 2009 BOComm Charge***

Xiamen BMW had on 18 March 2009 entered into a deed of charge (“**2009 BOComm Charge**”) charging a real property owned by the Group in Xiamen, PRC in favor of 交通銀行股份有限公司廈門分行 (Bank of Communications Co., Ltd, (Xiamen Branch)\*) (“**BOComm**”) to secure repayment of outstanding amounts owed under a revolving line of credit granted by BOComm to Xiamen Zhong Bao up to a maximum amount of RMB12 million (“**2009 BOComm Loan**”) which was available for withdrawal up until 23 December 2009. Obligations of Xiamen BMW under the 2009 BOComm Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2009 BOComm Loan have been repaid.

#### ***2C(3) – 2009 BOC Guarantee and Charge***

Xiamen BMW had on 1 August 2009 entered into a deed of guarantee (“**2009 BOC Guarantee**”) and a deed of charge (“**2009 BOC Charge**”) charging a real property owned by the Group in Beijing, PRC in favor of 中國銀行股份有限公司廈門市分行 (Bank of China Limited (Xiamen Branch)\*) (“**BOC**”) to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line granted by BOC to Xiamen Zhong Bao up to a maximum amount of RMB70 million (“**2009 BOC Loan**”) which was available for withdrawal up until 1 August 2010. Obligations of Xiamen BMW under the 2009 BOC Guarantee and 2009 BOC Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2009 BOC Loan have been repaid.

#### ***2C(4) – International Bank Guarantee***

Xiamen BMW had on 21 August 2009 entered into a deed of guarantee (“**2009 International Bank Guarantee**”) in favor of 廈門國際銀行廈門思明支行 (Xiamen International Bank (Xiamen Siming Branch)\*) (“**International Bank**”) to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line granted by International Bank to Xiamen Zhong Bao up to a maximum amount of RMB6 million (“**International Bank Loan**”) which was available for withdrawal up until 20 August 2010. Obligations of Xiamen BMW under the 2009 International Bank Guarantee



were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the International Bank Loan have been repaid.

#### ***2C(5) – 2010 BOC Guarantee and Charge***

Xiamen BMW had on 7 September 2010 entered into a deed of guarantee (“**2010 BOC Guarantee**”) and a deed of charge (“**2010 BOC Charge**”) charging a real property owned by the Group in favor of BOC to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line granted by BOC to Xiamen Zhong Bao up to a maximum amount of RMB70 million (“**2010 BOC Loan**”) which was available for withdrawal up until 7 September 2011. Obligations of Xiamen BMW under the 2010 BOC Guarantee and 2010 BOC Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2010 BOC Loan have been repaid.

#### ***2C(6) – China Merchants Guarantee***

GA Hong Kong had on 30 September 2010 entered into a deed of guarantee (“**CM Guarantee**”) in favor of 招商銀行股份有限公司天津分行 (China Merchants Bank Co., Limited (Tianjin Branch)\*) (“**CM**”) to secure repayment by Tianjin Tianbao of outstanding amounts under a revolving credit line granted by CM to Tianjin Tianbao up to a maximum amount of RMB30 million (“**CM Loan**”) which was available for withdrawal up until 8 October 2011. Obligations of GA Hong Kong under the CM Guarantee were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the CM Loan have been repaid.

#### ***2C(7) – 2010 Pingan Guarantee***

Xiamen BMW had on or around 25 November 2010 entered into a deed of guarantee (“**2010 Pingan Guarantee**”) in favor of 平安銀行股份有限公司廈門分行 (Ping An Bank Co., Ltd (Xiamen Branch) \*) (“**Pingan**”) to secure repayment by Xiamen Zhong Bao of outstanding amounts under a loan granted by Pingan to Xiamen Zhong Bao up to a maximum amount of RMB20 million (“**2010 Pingan Loan**”) which was available for withdrawal up until 24 November 2011. Obligations of Xiamen BMW under the 2010 Pingan Guarantee were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2010 Pingan Loan have been repaid.

### *2C(8) – 2010 CITIC Guarantee*

Xiamen BMW had on 14 December 2010 entered a deed of guarantee (“**2010 CITIC Guarantee**”) in favor of CITIC Bank to guarantee repayment by Xiamen Zhong Bao of outstanding amounts owed under a revolving line of credit granted by CITIC to Xiamen Zhong Bao up to a maximum amount of RMB40 million (“**2010 CITIC Loan**”) which was available for withdrawal up until 28 December 2011. Obligations of Xiamen BMW under the 2010 CITIC Guarantee were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2010 CITIC Loan have been repaid.

### *2C(9) – Minsheng Guarantee*

Xiamen BMW had on 1 June 2011 executed a deed of guarantee (“**Minsheng Guarantee**”) in favor of 中國民生銀行股份有限公司廈門分行 (China Minsheng Banking Corp., Ltd (Xiamen Branch)\*) (“**Minsheng Bank**”) to guarantee repayment by Xiamen Zhong Bao of outstanding amounts owed under a revolving line of credit granted by Minsheng Bank to Xiamen Zhong Bao up to a maximum amount of RMB60 million (“**Minsheng Loan**”) which was available for withdrawal up until 1 June 2012. Obligations of Xiamen BMW under the Minsheng Guarantee were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the Minsheng Loan have been repaid.

### *2C(10) – 2011 BOC Guarantee and Charge*

On 1 September 2011, Xiamen BMW entered into a deed of guarantee (“**2011 BOC Guarantee**”) and GA Singapore executed a deed of charge (“**2011 BOC Charge**”) charging a real property located in Beijing owned by the Group, both in favor of BOC to secure repayment by Xiamen Zhong Bao of outstanding amounts owed under a revolving line of credit granted by BOC to Xiamen Zhong Bao up to a maximum amount of RMB70 million (“**2011 BOC Loan**”) which was available for withdrawal up until 22 August 2014. Obligations of Xiamen BMW and GA Singapore under the 2011 BOC Guarantee and 2011 BOC Charge, respectively, were for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2011 BOC Loan have been repaid.

### *2C(11) – 2011 BOCComm Guarantee and Charge*

Xiamen BMW had on 15 December 2011 entered into a deed of guarantee (“**2011 BOCComm Guarantee**”) and on 2 December 2011 entered into a deed of charge (“**2011 BOCComm Charge**”) charging a real property located in Xiamen, PRC owned by the Group in favor of BOCComm to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line granted by BOCComm to Xiamen Zhong Bao up to a maximum amount of RMB18 million (“**2011 BOCComm Loan**”) which was available for

withdrawal up until 31 August 2012. Obligations of Xiamen BMW under the 2011 BOComm Guarantee and 2011 BOComm Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2011 BOComm Loan have been repaid.

#### ***2C(12) – 2011 Pingan Guarantee***

Xiamen BMW had on 31 December 2011 entered into a deed of guarantee (“**2011 Pingan Guarantee**”) in favor of Pingan to secure repayment by Xiamen Zhong Bao of outstanding amounts under a loan granted by Pingan to Xiamen Zhong Bao up to a maximum amount of RMB20 million (“**2011 Pingan Loan**”) which was available for withdrawal up until 31 December 2013. Obligations of Xiamen BMW under the 2011 Pingan Guarantee were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2011 Pingan Loan have been repaid.

#### ***2C(13) – 2012 CITIC Guarantee and Charge***

On 8 October 2012, Xiamen BMW entered into a deed of guarantee (“**2012 CITIC Guarantee**”) and a deed of charge (“**2012 CITIC Charge**”) charging a real property owned by the Group in favor of CITIC to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line granted by CITIC to Xiamen Zhong Bao up to a maximum amount of RMB50 million (“**2012 CITIC Loan**”) which was available for withdrawal up until 30 October 2013. Obligations of Xiamen BMW under the 2012 CITIC Guarantee and 2012 CITIC Charge were for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2012 CITIC Loan have been repaid.

#### ***2C(14) – 2014 Minsheng Guarantee***

Xiamen BMW had on 14 March 2014 executed a deed of guarantee (“**2014 Minsheng Guarantee**”) in favor of Minsheng Bank to guarantee repayment by Xiamen Zhong Bao of outstanding amounts owed under a revolving line of credit granted by Minsheng Bank to Xiamen Zhong Bao up to a maximum amount of RMB50 million (“**2014 Minsheng Loan**”) which was available for withdrawal up until 14 March 2015. Obligations of Xiamen BMW under the 2014 Minsheng Guarantee are for a period of 2 years after expiry of debt performance. To the best of the Directors' knowledge and belief, all of the outstanding amounts under the 2014 Minsheng Loan have been repaid.

#### ***2C(15) – 2014 CITIC Guarantee and Charge***

On 8 April 2014, Xiamen BMW entered into a deed of guarantee (“**2014 CITIC Guarantee**”) and a deed of charge (“**2014 CITIC Charge**”) charging a real property owned by the Group in favor of CITIC to secure repayment by Xiamen Zhong Bao of

outstanding amounts under a revolving credit line granted by CITIC to Xiamen Zhong Bao up to a maximum amount of RMB50 million (“**2014 CITIC Loan**”) which was available for withdrawal up until 24 May 2015. Obligations of Xiamen BMW under the 2014 CITIC Guarantee and 2014 CITIC Charge are for a period of 2 years after expiry of debt performance. To the best of the Directors’ knowledge and belief, all of the outstanding amounts under the 2014 CITIC Loan have been repaid.

#### ***2C(16) – 2015 BOC Guarantee and Charge***

On 22 January 2015, Xiamen BMW entered into a deed of guarantee (“**2015 BOC Guarantee**”) and a deed of charge (“**2015 BOC Charge**”) charging a real property owned by the Group in favor of BOC to secure repayment by Xiamen Zhong Bao of outstanding amounts under a revolving credit line and term loan granted by BOC to Xiamen Zhong Bao up to a maximum amount of RMB70 million (“**2015 BOC Loan**”) which is available for withdrawal up until 22 January 2016. Obligations of Xiamen BMW under the 2015 BOC Guarantee and 2015 BOC Charge are for a period of 2 years after expiry of debt performance.

#### ***2C(17) – 2015 Minsheng Guarantee***

On 2 June 2015, Xiamen BMW executed a deed of guarantee (“**2015 Minsheng Guarantee**”) in favor of Minsheng Bank to guarantee repayment by Xiamen Zhong Bao of outstanding amounts owed under a revolving line of credit granted by Minsheng Bank to Xiamen Zhong Bao up to a maximum amount of RMB50 million (“**2015 Minsheng Loan**”) which was available for withdrawal up until 6 June 2016. Obligations of Xiamen BMW under the 2015 Minsheng Guarantee are for a period of 2 years after expiry of debt performance.

#### ***2C(18) – Listing Rules Implications with respect to (i) 2008 CITIC Guarantee and 2008 CITIC Charge; and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge***

Each of the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge constitutes financial assistance under the Pre-2014 GEM Listing Rules. As one or more of the applicable percentage ratios under the Pre-2014 GEM Listing Rules in respect of the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge are greater than 25% but less than 100%, the entering into of the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge constituted major transactions of the Company under Chapter 19 of the Pre-2014 GEM Listing Rules, and each was therefore subject to the reporting, announcement and Shareholders’ approval requirements. The Company did not make the necessary reporting or announcement, nor did the Company obtain Shareholders’ approval with respect to the execution of each of the (i)

2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge, as required under Pre-2014 GEM Listing Rules; and, thus the Company breached Rules 19.34 and 19.40 of the Pre-2014 GEM Listing Rules.

Xiamen Zhong Bao was during the Relevant Period a direct wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Xiamen Zhong Bao was a connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules commencing first date of the Relevant Period. Accordingly, and as one or more of the applicable percentage ratios under the applicable GEM Listing Rules with respect to the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge are greater than 25% but less than 100%, the entering into each of the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge, constituted non-exempt continuing connected transactions between the Company and its connected person pursuant to Chapter 20 of the Pre-2014 GEM Listing Rules, and were subject to reporting, announcement, independent Shareholders' approval and annual review by Company's independent non-executive directors and auditors requirements. The Company did not make the necessary reporting or announcement, nor was independent Shareholders' approval obtained, nor did the Company's independent non-executive director or auditors conducted annual review with respect to the entering into each of the (i) 2008 CITIC Guarantee and 2008 CITIC Charge and (ii) 2012 CITIC Guarantee and 2012 CITIC Charge; and, thus the Company breached Rules 20.21, 20.35(1), 20.37, 20.38, 20.46, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules.

***2C(19) – Listing Rules Implications with respect to (i) 2009 BOCComm Charge; (ii) 2009 BOC Guarantee and 2009 BOC Charge; (iii) 2009 International Bank Guarantee; (iv) 2010 BOC Guarantee and 2010 BOC Charge; (v) CM Guarantee; (vi) 2010 Pingan Guarantee; (vii) 2010 CITIC Guarantee; (viii) Minsheng Guarantee; (ix) 2011 BOC Guarantee and 2011 BOC Charge; (x) 2011 BOCComm Guarantee and 2011 BOCComm Charge; and (xi) 2011 Pingan Guarantee (collectively “2009 to 2011 Security Documents”)***

Each of the 2009 to 2011 Security Documents constitutes financial assistance under the Pre-2014 GEM Listing Rules. As one or more of the applicable percentage ratios under the applicable GEM Listing Rules in respect of each of the 2009 to 2011 Security Documents, are more than 100%, the execution of each of the 2009 to 2011 Security Documents, constituted major transaction of the Company under Chapter 19 of the Pre-2014 GEM Listing Rules, and was therefore subject to the reporting, announcement and Shareholders' approval requirements under the Pre-2014 GEM Listing Rules. The Company did not make the necessary reporting or announcement nor did the Company obtain Shareholders' approval with respect to the execution of each of the 2009 to 2011 Security Documents, as required under the Pre-2014 GEM Listing Rules; and, thus the Company breached Rules 19.34 and 19.49 of the Pre-2014 GEM Listing Rules.

Each of Xiamen Zhong Bao and Tianjin Tianbao was during the Relevant Period a direct wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, each of Xiamen Zhong Bao and Tianjin Tianbao was a connected person of the Company at the subsidiary level under the applicable GEM Listing Rules during the Relevant Period. Accordingly, and as one or more of the applicable percentage ratios in respect of each of the 2009 to 2011 Security Documents, are more than 100%, the entering into each of the 2009 to 2011 Security Documents, constituted non-exempt continuing connected transactions between the Company and its connected person pursuant to Chapter 20 of the Pre-2014 GEM Listing Rules, and was subject to reporting, announcement, independent Shareholders' approval and annual review by Company's independent non-executive directors and auditors requirements. The Company did not make the necessary reporting or announcement, nor was independent Shareholders' approval obtained, nor did the Company's independent non-executive director or auditors conducted annual review with respect to the entering into each of the 2009 to 2011 Security Documents; and, thus the Company breached Rules 20.21, 20.35(1), 20.37, 20.38, 20.46, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules.

***2C(20) – Listing Rules Implications with respect to (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee***

Each of the (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee constitutes financial assistance under the Pre-2014 GEM Listing Rules. As one or more of the applicable percentage ratios under the applicable GEM Listing Rules in respect of each of the (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee are greater than 25% but less than 100%, the execution of each of the (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee, constituted major transaction of the Company under Chapter 19 of the applicable GEM Listing Rules, and each was therefore subject to the reporting, announcement and Shareholders' approval requirements under the applicable GEM Listing Rules. The Company had on 23 December 2013 and 14 March 2014 published announcements and on 26 February 2014 published circular with respect to each of the transactions of (i) 2014 Minsheng Guarantee; and (ii) 2014 CITIC Guarantee and 2014 CITIC Charge, in compliance with its obligations under Chapter 19 of the applicable GEM Listing Rules. The Company had on 26 November 2014, 22 December 2014, 23 January 2015 published announcements and on 24 December 2014 published circular in relation to 2015 BOC Guarantee and 2015 BOC Charge, in compliance with its obligations under Chapter 19 of the applicable GEM Listing Rules. The Company had on 26 November 2014, 22 December 2014 and 10 June 2015 published announcements and on 24 December 2014 published circular in relation to 2015 Minsheng Guarantee, in compliance with its obligations under Chapter 19 of the applicable GEM Listing Rules.

Xiamen Zhong Bao was during the Relevant Period a direct wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Xiamen Zhong Bao was a connected person of the Company at the subsidiary level under the applicable GEM Listing Rules commencing first date of the Relevant Period. Accordingly, and as one or more of the applicable percentage ratios in respect of each of (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee are greater than 25% but less than 100%, the entering into of each of the (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee, constituted non-exempt continuing connected transactions between the Company and its connected person pursuant to Chapter 20 of the applicable GEM Listing Rules, and was subject to reporting, announcement, independent Shareholders' approval and annual review by Company's independent non-executive directors and auditors requirements. The Company did not make the necessary reporting or announcement, nor was independent Shareholders' approval obtained, nor did the Company's independent non-executive director or auditors conducted annual review, with respect to each of the (i) 2014 Minsheng Guarantee; (ii) 2014 CITIC Guarantee and 2014 CITIC Charge; (iii) 2015 BOC Guarantee and 2015 BOC Charge; and (iv) 2015 Minsheng Guarantee; and, thus the Company breached (i) Rules 20.21, 20.35(1), 20.37, 20.38, 20.46, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules with respect to (a) 2014 Minsheng Guarantee and (b) 2014 CITIC Guarantee and 2014 CITIC Charge; and (ii) Rules 20.33, 20.34, 20.37, 20.44, 20.47, 20.53, 20.54 and 20.55 of the Post-2014 GEM Listing Rules with respect to (a) 2015 BOC Guarantee and 2015 BOC Charge; and (b) 2015 Minsheng Guarantee.

## **2D. Sale and Servicing of motor vehicles and sales of auto parts**

The Group and Zhong Bao Group have had many years (before, during and after the Relevant Period) of business relationship with respect to sale of imported cars ("**Sale of Imported MV**"), servicing of motor vehicles and sales of auto parts ("**Servicing and Auto Parts Sales**"). The Group and Zhong Bao Group have not entered into any long term agreement for the Sale of Imported MV and Servicing and Auto Parts Sales, for reasons that the transactions were on a non-exclusive basis – Zhong Bao Group could have purchased cars, auto parts and auto services from any third party other than the Group; and, likewise the Group could have sold cars, auto parts and provided auto services to third parties other than Zhong Bao Group. Sale of Imported MV and Servicing and Auto Parts Sales were conducted on an ad hoc basis through placement of, amongst other documents, purchase orders by Zhong Bao Group to the Group.

The sales generated from the Sale of Imported MV and Servicing and Auto Parts Sales were recorded as revenue of the Group; and thus, transactions under the Sale of Imported MV and Servicing and Auto Parts Sales were of a revenue nature in the usual and ordinary course of business of the Group and thus were not transactions under Chapter 19 of the GEM Listing Rules.

Beijing Zhong Bao was an associate of Mr. Zhao during the Relevant Period; hence, Zhong Bao Group was a connected person of the Company at the subsidiary level commencing first date of the Relevant Period. Accordingly, the Sale of Imported MV and Servicing and Auto Parts Sales between the Group and Zhong Bao Group became continuing connected transactions on 19 October 2008. The Group continued to conduct the transactions under Sale of Imported MV and Servicing and Auto Parts Sales after 19 October 2008. Accordingly, the Sale of Imported MV and Servicing and Auto Parts Sales in calendar year 2008 were subject to reporting, annual review and disclosure requirements under the Pre-2014 GEM Listing Rules. The Company did not make the necessary reporting, annual review and disclosure; and, thus the Company breached Rules 20.37, 20.38, 20.41, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules with respect to the Sale of Imported MV and Servicing and Auto Parts Sales in calendar year 2008.

Further, the transactions under the Sale of Imported MV and Servicing and Auto Parts Sales between the Group and Zhong Bao Group for the period between 1 January 2009 to 25 April 2016, within the Relevant Period, constituted continuing connected transactions under the applicable GEM Listing Rules.

As one or more of the applicable percentage ratios in relation to the annual transactions of Sale of Imported MV and Servicing and Auto Parts Sales for the calendar years between 2009 to 2013 are greater than 5% but less than 25% and that the annual consideration was greater than HK\$10,000,000, such transactions constituted non-exempt continuing connected transactions and were subject to reporting, announcement, independent Shareholders' approval and annual review by Company's independent non-executive directors and auditors requirements. The Company did not make the necessary reporting or announcement, nor was independent Shareholders' approval obtained nor annual review conducted by independent non-executive directors and auditors, with respect to the Sale of Imported MV and Servicing and Auto Parts Sales between the Group and Zhong Bao Group for the period between 1 January 2009 and 31 December 2013; and, thus the Company breached Rules 20.21, 20.35(1), 20.35(2), 20.37, 20.38, 20.46, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules with respect to the transactions under the Sale of Imported MV and Servicing and Auto Parts Sales for the calendar years 2009 to 2013.

As one or more of the applicable percentage ratios in relation to the annual transactions of Sale of Imported MV and Servicing and Auto Parts Sales for each of the calendar years 2014 and 2015 and for the period between 1 January 2016 until 25 April 2016, are greater than 0.1% but less than 5%, each such transactions were subject to reporting, announcement and annual review by the Company's independent non-executive directors and auditors requirements, but exempted from independent Shareholders' approval under Chapter 20 of the applicable GEM Listing Rules. The Company did not make the necessary reporting or announcement, nor did the independent non-executive directors or auditors of the Company conducted annual review, with respect to such transactions; and, thus the Company breached (i) Rules 20.5(2), 20.37, 20.38, 20.46 and 20.47 of the Pre-2014 GEM Listing Rules with respect to the transactions under the Sale



of Imported MV and Servicing and Auto Parts Sales for calendar year 2014; and (ii) Rules 20.33, 20.47, 20.50, 20.51, 20.53, 20.54 and 20.55 of the Post-2014 GEM Listing Rules with respect to the transactions under the Sale of Imported MV and Servicing and Auto Parts Sales for the period between 1 January 2015 and 25 April 2016.

## **2E. Acquisition of Fuzhou Euro**

On 24 October 2013, Xiamen Zhong Bao (a direct wholly owned subsidiary of Beijing Zhong Bao) and Fuzhou Xingbao (an indirect wholly owned subsidiary of the Company) entered into a sale and purchase agreement (“SPA”), pursuant to which Xiamen Zhong Bao shall sell and Fuzhou Xingbao shall purchase all of the equity interest in Fuzhou Euro (“**Acquisition**”) at a consideration of RMB12.9 million. The Acquisition was thereafter completed.

As one or more of the applicable percentage ratios in relation to the Acquisition under the SPA are more than 5% but less than 25%, the Acquisition under the SPA constituted discloseable transaction of the Company under Chapter 19 of the Pre-2014 GEM Listing Rules, and was therefore subject to the reporting and announcement requirements. The Company had on 28 October 2013 announced the execution of the SPA in compliance with Chapter 19 of the Pre-2014 GEM Listing Rules.

Xiamen Zhong Bao was during the Relevant Period a direct wholly owned subsidiary of Beijing Zhong Bao which in turn was an associate of Mr. Zhao; hence, Xiamen Zhong Bao was a connected person of the Company during the Relevant Period pursuant to the Pre-2014 GEM Listing Rules. Accordingly, the Acquisition under the SPA constituted a connected transaction between the Company and its connected person pursuant to Chapter 20 of the Pre-2014 GEM Listing Rules, and was subject to reporting, announcement and independent Shareholders’ approval requirements. The Company did not make the necessary reporting or announcement, nor was independent Shareholders’ approval obtained, with respect to the Acquisition under the SPA; and, thus the Company breached Rules 20.21, 20.45, 20.47, 20.49 and 20.52 of the Pre-2014 GEM Listing Rules.

## **3. REASONS FOR FAILURE TO IDENTIFY NOTIFIABLE AND CONNECTED TRANSACTIONS**

- a. The earliest date that the Company had initial information leading to the later knowledge of the potential connected and continuing connected transactions during the Relevant Period was as a result of the company search against Beijing Zhong Bao by PRC lawyers engaged by the Company on 2 March 2016.
- b. The Group has had a long history, since 2003, of doing business with Zhong Bao Group, a party independent of the Company and its connected persons prior to the Relevant Period. It was only until 19 October 2008, when Mr. Zhao became a director of an indirect wholly

owned subsidiary of the Company (i.e. Xiamen BMW) and therefore a connected person of the Company at the subsidiary level, that Zhong Bao Group became connected person of the Company at the subsidiary level under the Pre-2014 GEM Listing Rules.

- c. As far as the Directors are aware, Mr. Zhao was not a director nor senior management of the Company prior to becoming a director of Xiamen BMW and therefore had limited experience of the implications of the GEM Listing Rules at the time of his appointment as a director of an indirect wholly owned subsidiary of the Company, Xiamen BMW, even though he was provided with the necessary information and training upon his appointment as a director of Xiamen BMW.
- d. The then board of directors of the Company was not brought to the attention that Mr. Zhao had ownership interest in Zhong Bao Group and therefore not aware that Zhong Bao Group became connected person of the Company, as a result of Mr. Zhao's appointment as a director of Xiamen BMW on 19 October 2008.
- e. Further, the Directors are of the understanding that complete and accurate information with respect to companies incorporated in the PRC are only available at the relevant regulatory authorities of the PRC which are not generally available to the public. Limited information with respect to companies incorporated in the PRC is only available post-2014 in the website of State Administration for Industry and Commerce. Prior to 2014, certain websites had limited information with respect to companies incorporated in the PRC, but the Directors are of the view that such information was not posted by the relevant regulatory authorities of the PRC, and therefore doubt the completeness and accuracy of such information; and therefore have reasons to believe that the then directors of the Company had not in the past conducted any public search against the corporate structure of Zhong Bao Group.
- f. The Directors are of the view that even if public searches were carried out against the shareholding structure of Zhong Bao Group at the relevant time, neither the ultimate shareholders nor the directors of the companies that are incorporated in foreign jurisdictions, such as the British Virgin Islands as it is the case with respect to iAuto, is public information that can be revealed in public search.
- g. The Board would in usual circumstances use commercially reasonable efforts to confirm if the counterparties of proposed transactions with the Group are independent of the Company and its connected persons. However, given that Zhong Bao Group had, prior to the Relevant Period, been carrying on business with the Group since 2003 independent from the Group and its connected persons, the then board of directors of the Company would not have been alerted that the transactions between the Group and Zhong Bao Group had become connected or continuing connected transactions if the relevant connected person did not inform the Board of the occurrence of such relationship.

#### **4. REMEDIAL ACTIONS**

The Directors consider that the failure to comply with the GEM Listing Rules as abovementioned was due to inadvertence. Despite the breaches, the financial information of the notifiable, connected and continuing connected transactions as mentioned in this announcement have been disclosed in the annual reports of the Company, save and except that references to the Lease Agreements for calendar years 2009 to 2013 were not made in the annual reports. The Company takes the incidence seriously and has taken the following remedial measures:

1. the Company has engaged Moore Stephens Advisory Services Limited in August 2016 to conduct a thorough review and to recommend improvements with respect to internal controls and risk assessments of the Company to ensure compliance with GEM Listing Rules and applicable laws and regulations; and, if deemed necessary, the Company may engage other professionals to assist with such review;
2. the Board and the senior management team of the Company received training in July 2016 with respect to compliance with GEM Listing Rules and applicable laws and regulations; and, similar trainings will be carried out regularly in the future, but in any event not less than twice in any 12 month period for the next 24 months; and
3. the Company will engage an independent professional firm to act as the compliance adviser of the Company for at least 12 months.

#### **5. REFERENCES TO GEM LISTING RULES**

For ease of reference, herebelow is brief description of the relevant Rules of the Pre-2014 GEM Listing Rules that are mentioned in this announcement:

- (a) Rule 19.34 states that as soon as possible after the terms of the notifiable transaction, major transaction or very substantial acquisition have been finalized, the listed issuer must inform the Exchange and submit an announcement to the Exchange to be published on the GEM website as soon as possible.
- (b) Rule 19.40 requires that a major transaction must be made conditional on approval by shareholders of the listed issuer and that a circular be sent to the shareholders of the listed issuer.
- (c) Rule 19.49 requires that very substantial acquisitions must be made conditional on approval by the shareholders of the listed issuer.
- (d) Rule 20.21 requires that all connected transactions and continuing connected transactions subject to independent shareholders' approval of the listed issuer must establish an independent board committee to advise shareholders, and to appoint an independent

financial adviser to make recommendations to the independent board committee and the shareholders, as to whether the terms of the relevant transaction are fair and reasonable and whether it is in the interest of the issuer and the shareholders as a whole and advise shareholders on how to vote.

- (e) Rule 20.35(1) states that continuing connected transaction must not exceed 3 years, have written agreements being entered into and shall set out bases of calculation of the payment to be made.
- (f) Rule 20.35(2) states that each connected transaction shall have a maximum aggregate annual value.
- (g) Rule 20.37 requires the listed issuer's independent non-executive directors to review the continuing connected transactions every year and confirm in the annual report that these are entered into in the ordinary and usual course of business and the terms are fair and reasonable and on normal commercial terms or better.
- (h) Rule 20.38 requires the auditor to provide each year to the listed issuer's board of directors a letter confirming that, amongst other things, the continuing connected transactions have received the approval from the board of directors of the listed issuer, have been entered into in accordance with the relevant agreement governing the transactions and have not exceeded the cap disclosed in the announcement in relation to the connected transaction.
- (i) Rule 20.41 states that where a listed issuer has entered into an agreement involving continuing transactions and such transactions subsequently become continuing connected transactions for whatever reason, the listed issuer must comply with all applicable reporting, annual review and disclosure requirements.
- (j) Rule 20.45 requires details of the connected transaction be included in the listed issuer's next published annual report and accounts.
- (k) Rule 20.46 requires an issuer which has entered into a continuing connected transaction to disclose the information set out in Rule 20.45 in its subsequent published annual report and accounts.
- (l) Rule 20.47 requires an issuer proposing to enter into a connected transaction or a continuing connected transaction to notify the Exchange as soon as possible after the terms have been agreed and submit an announcement to the Exchange to be published on the GEM website as soon as possible.
- (m) Rule 20.49 requires listed issuer proposing to enter into a connected transaction or continuing connected transaction must send circular to its shareholders.

- (n) Rule 20.52 states that connected transactions and continuing connected transactions must be made conditional on approval by independent shareholders at the time when the listed issuer enters into the transaction.

For ease of reference, herebelow is brief description of the relevant Rules of the Post-2014 GEM Listing Rules that are mentioned in this announcement:

- (a) Rule 19.34 states that as soon as possible after the terms of the notifiable transaction, major transaction or very substantial acquisition have been finalized, the listed issuer must inform the Exchange and submit an announcement to the Exchange to be published on the GEM website as soon as possible.
- (b) Rule 20.33 requires listed issuers to announce the connected transaction and continuing connected transaction as soon as practicable after its terms have been agreed.
- (c) Rule 20.34 requires that connected transactions and continuing connected transactions must be conditional on shareholders' approval at a general meeting held by the listed issuer.
- (d) Rule 20.37 states that where independent shareholders approval is required, the listed issuer must set up an independent board committee and appoint an independent financial adviser to advise the shareholders in relation to the connected transaction and continuing connected transaction on (i) whether the terms are fair and reasonable; (ii) whether this is on normal commercial terms or better and in the ordinary course of business; (iii) whether this is in the interests of the listed issuer and its shareholders as a whole and (iv) how to vote on it.
- (e) Rule 20.44 requires the listed issuer to send a circular to its shareholders with respect to the connected transaction.
- (f) Rule 20.47 requires the listed issuer to disclose its connected transactions and continuing connected transactions conducted during the financial year in its annual reports.
- (g) Rule 20.50 states that the period for the agreement of the continuing connected transaction must not exceed three (3) years except in special circumstances where the nature of the transaction requires a longer period.
- (h) Rule 20.51 requires the listed issuer must set an annual cap for continuing connected transaction.
- (i) Rule 20.53 requires the listed issuer's independent non-executive directors to review the continuing connected transactions every year and confirm in the annual report that these are entered into in the ordinary and usual course of business and the terms are fair and reasonable and on normal commercial terms or better.

- (j) Rule 20.54 requires the listed issuer to engage auditors to report on the continuing connected transactions every year.
- (k) Rule 20.55 requires the listed issuer to provide a copy of the auditors' letter to the Exchange before the bulk printing of its annual report.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Beijing Zhong Bao”	北京中寶卓越國際貿易有限公司 (Beijing Zhong Bao Excellent International Trading Company Limited*), a company established in the PRC
“Board”	the board of Directors
“Company”	G.A. Holdings Limited (Stock Code: 8126), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it in the GEM Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company (including the independent non-executive Directors) from time to time
“Exchange”	The Stock Exchange of Hong Kong Limited
“Fuzhou Xingbao”	福州星寶汽車服務有限公司 (Fuzhou Xingbao Automobiles Service Co., Ltd.*) (formerly known as Fuzhou BMW Automobiles Service Co., Ltd.* (福州寶馬汽車服務有限公司)), a wholly-owned subsidiary of GA Singapore which in turn is a wholly-owned subsidiary of the Company
“Fuzhou Euro”	福州歐利行汽車銷售服務有限公司 (Fuzhou Euro Motors Sales and Service Co., Ltd.*), a company established in the PRC and an indirect non-wholly-owned subsidiary of the Company

“Fuzhou Zhong Bao”	福州中寶汽車銷售服務有限公司 (Fuzhou Zhong Bao Automobiles Sales and Service Co., Ltd.*), is a company established in the PRC and a wholly-owned subsidiary of Xiamen Zhong Bao
“GA Hong Kong”	German Automobiles Limited, a company incorporated under the laws of Hong Kong, and wholly owned by the Company
“GA Singapore”	German Automobile Pte. Limited, a company incorporated in the Republic of Singapore and wholly owned by the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Pre-2014 GEM Listing Rules and/or Post-2014 GEM Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iAuto”	iAuto International Limited, a limited liability company established under the laws of the British Virgin Islands
“Mr. Zhao”	趙貴明先生 (Mr. Zhao Guiming)
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Post-2014 GEM Listing Rules”	the Rule Governing the Listing of Securities on the GEM which came into effect on 1 July 2014
“Pre-2014 GEM Listing Rules”	the Rule Governing the Listing of Securities on the GEM which was effective before 1 July 2014
“Quanzhou Fubao”	泉州福寶汽車銷售服務有限公司(Quanzhou Fubao Automobiles Sales and Service Company Limited*), a company established in the PRC and a direct wholly-owned subsidiary of Xiamen Zhong Bao
“Relevant Period”	the period between 19 October 2008 and 25 April 2016, both dates inclusive

“RMB”	Renminbi, the lawful currency of the PRC
“RUF China”	如虎(中國)汽車貿易有限公司 (RUF China Automobiles Trading Ltd.*), a company established in the PRC and a wholly owned subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the GEM Listing Rules
“Tianjin Tianbao”	天津天寶汽車銷售服務有限公司 (Tianjin Tianbao Automobiles Sales and Service Company Limited*), a company established in the PRC and a direct wholly-owned subsidiary of Beijing Zhong Bao
“Xiamen BMW”	廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.*), a wholly-owned subsidiary of GA Singapore which in turn is a wholly-owned subsidiary of the Company
“Xiamen Zhong Bao”	廈門中寶汽車有限公司 (Xiamen Zhong Bao Automobiles Co., Ltd.*), a company established in the PRC and a direct wholly owned subsidiary of Beijing Zhong Bao
“Zhong Bao Group”	Beijing Zhong Bao and its subsidiaries
“%”	per cent

\* For identification purpose only.

*In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.*

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

Hong Kong, 27 September 2016

*As at the date of this announcement, the executive Directors are Mr. Luo Wan Ju, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Zhang Xi, Mr. Ma Hang Kon, Louis and Mr. Xue Guo Qiang; and the independent non-executive Directors are Mr. Zhou Ming, Mr. Yin Bin and Ms. Guan Xin.*



*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM’s website at <http://www.hkgem.com> for at least seven days from the date of its posting and on the Company’s website at [www.ga-holdings.com.hk](http://www.ga-holdings.com.hk).*