



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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of G.A. Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 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.

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014, as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	4	495,526	422,862
Other income	6	103,361	53,938
Changes in inventories Auto parts and accessories and motor vehicles purchased	7.1	(14,348)	53,809
	7.1	(274,872)	(286,124)
Employee benefit expenses		(59,306)	(59,716)
Depreciation and amortisation		(25,040)	(20,301)
Operating lease charges		(19,710)	(19,745)
Exchange differences, net		(7,913)	(3,489)
Impairment loss on goodwill		(3,750)	–
Other expenses		(74,821)	(65,371)
Profit from operations		119,127	75,863
Finance costs	7.2	(8,162)	(9,266)
Profit before income tax	7	110,965	66,597
Income tax expense	8	(25,953)	(16,160)
Profit for the year		85,012	50,437
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		(39,310)	(6,400)
Reclassification adjustment for exchange differences on disposal of subsidiaries		(836)	–
Other comprehensive income for the year		(40,146)	(6,400)
Total comprehensive income for the year		44,866	44,037

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit/(Loss) for the year attributable to:			
Owners of the Company		96,008	56,202
Non-controlling interests		<u>(10,996)</u>	<u>(5,765)</u>
		<u>85,012</u>	<u>50,437</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		57,035	50,178
Non-controlling interests		<u>(12,169)</u>	<u>(6,141)</u>
		<u>44,866</u>	<u>44,037</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	9	<u>20.16</u>	<u>11.80</u>

Consolidated Statement of Financial Position

As at 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		98,567	107,316
Leasehold lands		4,206	4,564
Prepaid rental expenses		31,402	34,229
Goodwill		–	3,759
		<u>134,175</u>	<u>149,868</u>
Current assets			
Inventories		92,733	107,081
Trade receivables	<i>11</i>	102,430	116,550
Prepayments, deposits and other receivables		335,770	331,856
Pledged deposits		23,945	20,935
Cash and bank balances		86,413	34,272
		<u>641,291</u>	<u>610,694</u>
Current liabilities			
Trade payables	<i>12</i>	37,917	18,598
Accruals and other payables		43,573	112,510
Borrowings		105,707	90,718
Amounts due to related companies		293	311
Amounts due to directors		27,315	28,050
Tax payable		14,641	8,684
		<u>229,446</u>	<u>258,871</u>
Net current assets		<u>411,845</u>	<u>351,823</u>
Total assets less current liabilities		<u>546,020</u>	<u>501,691</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities		
Borrowings	6,312	6,893
Deferred tax liabilities	4,083	2,208
	<u>10,395</u>	<u>9,101</u>
Net assets	<u>535,625</u>	<u>492,590</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	47,630	47,630
Reserves	475,633	418,598
	<u>523,263</u>	<u>466,228</u>
Non-controlling interests	<u>12,362</u>	<u>26,362</u>
Total equity	<u>535,625</u>	<u>492,590</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company						Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Translation reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000		
At 1 January 2014	47,630	29,522	8,623	44,351	285,924	416,050	32,503	448,553
Profit/(Loss) for the year	-	-	-	-	56,202	56,202	(5,765)	50,437
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	(6,024)	-	(6,024)	(376)	(6,400)
Total comprehensive income for the year	-	-	-	(6,024)	56,202	50,178	(6,141)	44,037
At 31 December 2014 and 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit/(Loss) for the year	-	-	-	-	96,008	96,008	(10,996)	85,012
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	(38,137)	-	(38,137)	(1,173)	(39,310)
Reclassification adjustment for exchange differences on disposal of subsidiaries	-	-	-	(836)	-	(836)	-	(836)
Other comprehensive income for the year	-	-	-	(38,973)	-	(38,973)	(1,173)	(40,146)
Total comprehensive income for the year	-	-	-	(38,973)	96,008	57,035	(12,169)	44,866
Transaction with owners:								
Disposal of subsidiaries	-	-	-	-	-	-	(1,831)	(1,831)
At 31 December 2015	47,630	29,522	8,623	(646)	438,134	523,263	12,362	535,625

* The total balances of these equity accounts at the reporting date of HK\$475,633,000 (2014: HK\$418,598,000) represent reserves in the consolidated statement of financial position.

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 5 July 2001. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The consolidated financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board on 24 March 2016.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective on 1 January 2015

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2015:

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

The adoption of these amendments has no material impact on the Group's consolidated financial statements.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profits or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

(c) Disclosure requirements of new Companies Ordinance

The disclosure requirements set out in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance (Cap. 622). These new disclosure requirements apply to the Company in this financial year.

The Directors consider that there is no impact on the Group's financial position or performance, however the new disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the consolidated financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

4. REVENUE

The Group is principally engaged in (i) sales of motor vehicles, (ii) provision of car-related technical services and (iii) servicing of motor vehicles and sale of auto parts. Revenue generated from these principal activities recognised during the year is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of motor vehicles	113,464	51,343
Servicing of motor vehicles and sales of auto parts	355,675	345,215
Technical fee income	26,387	26,304
	<u>495,526</u>	<u>422,862</u>

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

- Motor vehicles segment – Sales of motor vehicles and provision of car-related technical services (“Activity 1”)
- Servicing segment – 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 operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that rental income, income tax and corporate income and expenses including certain finance costs which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude tax assets and corporate assets which are not directly attributable to business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude tax liabilities and corporate liabilities including certain borrowings which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

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

	2015			Total HK\$'000
	Activity 1 HK\$'000	Activity 2 HK\$'000	Activity 3 HK\$'000	
Reportable segment revenue[#]	<u>139,851</u>	<u>355,675</u>	<u>–</u>	<u>495,526</u>
Reportable segment (loss)/profit	<u>(5,141)</u>	<u>56,776</u>	<u>–</u>	<u>51,635</u>
Other Information				
Depreciation and amortisation of non-current assets	(6,712)	(5,494)	–	(12,206)
Impairment loss on goodwill	(3,750)	–	–	(3,750)
Impairment loss on inventories	(1,864)	–	–	(1,864)
Reversal of impairment loss on trade receivables	84	–	–	84
Addition to non-current assets during the year	<u>1,671</u>	<u>2,725</u>	<u>–</u>	<u>4,396</u>

No inter-segment sale for the year ended 31 December 2015.

	2014			Total HK\$'000
	Activity 1 HK\$'000	Activity 2 HK\$'000	Activity 3 HK\$'000	
Revenue				
From external customers	77,647	345,215	–	422,862
From other segments	<u>–</u>	<u>–</u>	<u>24</u>	<u>24</u>
Reportable segment revenue	<u>77,647</u>	<u>345,215</u>	<u>24</u>	<u>422,886</u>
Reportable segment profit	<u>4,677</u>	<u>45,405</u>	<u>24</u>	<u>50,106</u>
Other Information				
Depreciation and amortisation of non-current assets	(2,655)	(6,271)	–	(8,926)
Write-off of property, plant and equipment	–	(63)	–	(63)
Reversal of impairment loss on trade receivables	3,015	–	–	3,015
Reversal of accruals and other payables	3,061	–	–	3,061
Addition to non-current assets during the year	<u>23,582</u>	<u>2,701</u>	<u>–</u>	<u>26,283</u>

(b) Segment assets and liabilities

	As at 31 December 2015			Total <i>HK\$'000</i>
	Activity 1 <i>HK\$'000</i>	Activity 2 <i>HK\$'000</i>	Activity 3 <i>HK\$'000</i>	
Reportable segment assets	<u>143,877</u>	<u>464,439</u>	<u>–</u>	<u>608,316</u>
Reportable segment liabilities	<u>89,503</u>	<u>78,526</u>	<u>–</u>	<u>168,029</u>

	As at 31 December 2014			Total <i>HK\$'000</i>
	Activity 1 <i>HK\$'000</i>	Activity 2 <i>HK\$'000</i>	Activity 3 <i>HK\$'000</i>	
Reportable segment assets	<u>242,819</u>	<u>418,805</u>	<u>–</u>	<u>661,624</u>
Reportable segment liabilities	<u>67,129</u>	<u>79,795</u>	<u>–</u>	<u>146,924</u>

(c) **Reconciliation of segment information to the Group's key financial figures as presented in the consolidated financial statements as follows:**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment revenue	495,526	422,886
Elimination of inter segment revenue	<u>–</u>	<u>(24)</u>
Group revenue	<u>495,526</u>	<u>422,862</u>
Reportable segment profit	51,635	50,106
Car rental income	27,075	24,791
Other income	76,286	26,086
Unallocated corporate expenses		
Employee benefit expenses	(10,503)	(8,774)
Depreciation and amortisation	(12,834)	(11,375)
Operating leases charges	(1,889)	(1,787)
Others	(16,678)	(11,683)
Unallocated finance costs	(2,127)	(743)
Elimination of inter segment profits	<u>–</u>	<u>(24)</u>
Profit before income tax	<u>110,965</u>	<u>66,597</u>
Reportable segment assets	608,316	661,624
Non-current corporate assets (<i>Note (i)</i>)	36,549	35,467
Current corporate assets (<i>Note (ii)</i>)	<u>130,601</u>	<u>63,471</u>
Consolidated total assets	<u>775,466</u>	<u>760,562</u>
Reportable segment liabilities	168,029	146,924
Non-current corporate liabilities (<i>Note (iii)</i>)	10,395	9,101
Current corporate liabilities (<i>Note (iv)</i>)	<u>61,417</u>	<u>111,947</u>
Consolidated total liabilities	<u>239,841</u>	<u>267,972</u>

Notes:

- (i) Non-current corporate assets mainly include property, plant and equipment that are not directly attributable to the business activities of the operating segments.
- (ii) Current corporate assets mainly include receivables, prepayment, deposits paid, bank balances and pledged deposits that are 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 are not directly attributable to the business activities of the operating segments.

- (iv) Current corporate liabilities include payables, accruals, tax liabilities and borrowings that are 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	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Singapore	–	–	3,383	3,566
The PRC	495,526	422,862	94,243	110,836
Hong Kong (Place of domicile)	–	–	36,549	35,466
	<u>495,526</u>	<u>422,862</u>	<u>134,175</u>	<u>149,868</u>

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 operation in case of goodwill.

For the year ended 31 December 2015, no revenue from a single customer accounted for 10% or more of the Group's revenue. For the year ended 31 December 2014, revenue of HK\$44,216,000 were derived from on a single customer in the PRC, which accounted for 10.5% of the total revenue of the Group.

6. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Car rental income	27,075	24,791
Interest income on financial assets stated at amortised cost	724	488
Financial guarantee income	3,304	488
Commission income	18,000	16,512
Waiver of interest payable (<i>Note</i>)	45,626	–
Gain on disposal of subsidiaries	2,667	–
Sundry income	5,965	11,659
	<u>103,361</u>	<u>53,938</u>

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. Income arising from waiver of interest and related costs of HK\$45,626,000 (2014: Nil) was recognised during the year upon settlement of the outstanding principal debt by the Group.

7. PROFIT BEFORE INCOME TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
7.1 Changes in inventories		
– Motor vehicles	11,412	(45,014)
– Auto parts and accessories	<u>2,936</u>	<u>(8,795)</u>
	<u>14,348</u>	<u>(53,809)</u>
Auto parts and accessories, and motor vehicles purchased		
– Motor vehicles	99,145	91,563
– Auto parts and accessories	<u>175,727</u>	<u>194,561</u>
	<u>274,872</u>	<u>286,124</u>
	<u><u>289,220</u></u>	<u><u>232,315</u></u>
7.2 Finance costs on financial liabilities stated at amortised cost		
Interest charges on bank loans and other borrowings	6,888	8,161
Interest element of finance lease payments	<u>1,274</u>	<u>1,105</u>
	<u>8,162</u>	<u>9,266</u>
7.3 Other items		
Auditor's remuneration	635	527
Depreciation of property, plant and equipment*	24,081	19,269
Gain on disposal of property, plant and equipment	(2,747)	(1,632)
Write-off of property, plant and equipment	–	63
Amortisation of prepaid rental expenses	863	936
Amortisation of prepaid operating land lease payments	96	96
Reversal of impairment loss on trade receivables	(84)	(3,015)
Impairment loss on inventories	1,864	–
Reversal of accruals and other payables	<u>–</u>	<u>(6,767)</u>

* Amount included depreciation charge of HK\$6,255,000 (2014: HK\$6,822,000) for the Group's assets held under finance leases.

8. INCOME TAX EXPENSE

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 year at the rate 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 year based on the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25% (2014: 25%).

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – Hong Kong		
Charge for the year	1,305	1,836
Over-provision in prior years	(681)	(2,358)
Current tax – Overseas		
Charge for the year	23,393	19,257
Under/(over)-provision in prior years	<u>61</u>	<u>(3,511)</u>
Current tax – total	24,078	15,224
Deferred tax	<u>1,875</u>	<u>936</u>
Total income tax expense	<u><u>25,953</u></u>	<u><u>16,160</u></u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the owners of the Company for the year of approximately HK\$96,008,000 (2014: HK\$56,202,000) and on the weighted average number of 476,300,000 (2014: 476,300,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2015 and 2014 are the same as the basic earnings per share as there was no dilutive potential ordinary share for the years ended 31 December 2015 and 2014.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

11. TRADE RECEIVABLES

At 31 December 2015, the ageing analysis of trade receivables, based on invoice date, was as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 90 days	40,931	20,863
91 – 180 days	22,576	20,710
181 – 365 days	25,506	32,809
Over 1 year	14,913	43,842
	103,926	118,224
Less: allowance for impairment of receivables	(1,496)	(1,674)
	102,430	116,550

The Group requires individual customers to pay cash for any service rendered and goods sold while it generally allows a credit period from 3 months to 9 months to its major customers with long business relationship.

12. TRADE PAYABLES

The ageing analysis of trade payables, based on invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	31,064	13,366
31 – 180 days	4,720	2,037
181 – 365 days	811	952
1 – 2 years	1,222	1,306
Over 2 years	100	937
	37,917	18,598

The credit period of the Group is usually 3 months.

13. EVENTS AFTER THE REPORTING PERIOD

- A) On 3 February 2016, Xiamen Zhong Bao Automobiles Co., Ltd. (“Xiamen Zhong Bao”) and Xiamen BMW Automobiles Service Co., Ltd., an indirect wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding (“MOU”) regarding the proposed acquisitions (the “Proposed Acquisition”) of the entire equity interests of three direct or indirect wholly-owned subsidiaries of Xiamen Zhong Bao (the “Target Companies”) established in the PRC. During the course of due diligence review conducted on the Target Companies, the Company has come to knowledge that Xiamen Zhong Bao are deemed a connected person of the Company as at date of the MOU according to the GEM Listing Rules.

The Proposed Acquisition, if materialised, will constitute a notifiable transaction and a connected transaction for the Company under the GEM Listing Rules. As of the date of this announcement, all terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into.

Further details are set out in the announcements of the Company dated 3 February 2016 and 14 March 2016.

- B) Fuzhou Euro Motor Sales & Services Co., Ltd. (“Fuzhou Euro”), a non-wholly owned subsidiary, received a legal letter dated 25 February 2016 from the landlord of its showroom (the “Landlord”) for claiming the outstanding rental payment and penalty with an aggregate amount of approximately RMB1,011,000 (equivalent to HK\$1,202,000). Fuzhou Euro is consulting legal advice and considering taking legal action against the Landlord. Up to the date of this announcement, the dispute has not yet come into any conclusion and the Directors are of the view that the Group is not liable for the claim and that the incident will not result in material financial impact to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2015, the Group recorded a total revenue of HK\$495,526,000, representing an increase of 17.2% compared to HK\$422,862,000 of last year. Total comprehensive income attributable to owners of the Company increased by 13.7% to HK\$57,035,000 as compared to HK\$50,178,000 in year 2014.

The increase in total revenue was mainly attributable to the sharp increase in the segment of sales of motor vehicles and steady growth in the servicing of motor vehicles and sales of auto parts.

The increase in total comprehensive income in year 2015 was mainly resulted from i) the increase in total revenue; ii) the waiver of interest payable of HK\$45,626,000 from a creditor; offset by iii) impairment loss on goodwill and inventories and iv) exchange difference on translation of financial statements of foreign operations during the year.

1. Sales of Motor Vehicles

Segment of sales of motor vehicles contributed 22.9% (2014: 12.1%) of the total revenue of the Group in year 2015, amounted to HK\$113,464,000. As our new dealership store in Fuzhou entered into full operation, the sales in this segment increased sharply compared to last year.

2. Servicing of Motor Vehicles and Sales of Auto Parts

Revenue generated from the servicing of motor vehicles and sales of auto parts for the year 2015 increased by 3.0% to HK\$355,675,000. Servicing income contributed 71.8% (2014: 81.6%) of the total revenue. The increase was consistent with the continuous increase in demand for after-sales support for luxurious vehicles.

3. Technical Fee Income

The Group received technical income from Xiamen Zhong Bao and certain of its subsidiaries or related companies, collectively (the “Zhong Bao Group”) for providing management consulting and technical assistance in relation to the PRC locally assembled BMW motor vehicles sold by the Zhong Bao Group.

During the current year, the Group recorded technical fee income of HK\$26,387,000 which remained stable compared to year 2014.

4. Car Rental Business

The car rental business marked a year of steady growth during 2015. The rental income increased by 9.2% to HK\$27,075,000 from HK\$24,791,000 in 2014.

As stated in the announcements of the Company dated 14 March 2016, 15 March 2016 and 21 March 2016 (the “Clarification Announcements”), the Company announced that Mr. Zhao Guiming (“Mr. Zhao”), given (i) his interest in Beijing Zhong Bao Excellent International Trading Co., Ltd.*, which is the holding company of the Xiamen Zhong Bao; and (ii) his capacity as a director of Fuzhou BMW Automobiles Services Co., Limited an indirect wholly-owned subsidiary of the Company during the period from 1 November 2009 to 26 April 2015; Mr. Zhao was deemed and will remain a connected person of the Company at the subsidiary level until 25 April 2016 under the GEM Listing Rules 20.07(2). Accordingly, certain transactions (the “Connected Transactions”) between the Group and the Zhong Bao Group, as detailed in the Clarification Announcements, would have constituted continuing connected transactions of the Company while some of them have not been disclosed by the Company, prior to the publication of the Clarification Announcements. The Company had not complied with the announcement and the annual review requirements under the GEM Listing Rules in respect of the Connected Transactions (save for the transactions that were fully exempt from shareholders’ approval, annual review and all disclosure requirements under the GEM Listing Rules). Please refer to the Clarification Announcements for further details.

FINANCIAL REVIEW

Gross profit

The gross profit for the year 2015 was HK\$206,306,000 as compared to HK\$190,547,000 in 2014. The gross profit margin decreased from 45.1% in year 2014 to 41.6% in year 2015. The decrease in gross profit margin was mainly resulted from the increased share of contribution generated from the sales of motor vehicles, which yields relatively lower profit.

Financial resources and liquidity

As at 31 December 2015, shareholders’ fund of the Group amounted to HK\$535,625,000 (2014: HK\$492,590,000). Current assets amounted to HK\$641,291,000 (2014: HK\$610,694,000) of which HK\$110,358,000 (2014: HK\$55,207,000) were cash and pledged deposits. Current liabilities amounted to HK\$229,446,000 (2014: HK\$258,871,000) and mainly represented trade payables, borrowings, accruals and other payables and amounts due to directors and related companies. The Group had non-current liabilities amounted to approximately HK\$10,395,000 (2014: HK\$9,101,000). The net asset value per share as at 31 December 2015 was HK\$1.12 (2014: HK\$1.03).

Capital Structure of the Group

During the year ended 31 December 2015, the Group had no debt securities in issue (2014: Nil).

The Group obtained funding mainly from bank borrowing. They are mainly denominated in Hong Kong dollars and Renminbi. As at 31 December 2015, the Group has available unutilised banking facilities of approximately HK\$111,106,000 (2014: HK\$42,478,000).

Significant Investment or Capital Assets

As at 31 December 2015, the Group had no significant investment held (2014: Nil).

Material Acquisitions and Disposals of Subsidiaries or Affiliated Companies

On 29 December 2015, the Group disposed of its subsidiaries, China Automobiles Asia Pte Ltd., and its subsidiary, at a consideration of SGD2 (approximately HK\$11). Gain on disposal of subsidiaries of HK\$2,667,000 was resulted. The Group had no material acquisitions and disposals of subsidiaries or affiliated companies during the year ended 31 December 2014.

Employees

As at 31 December 2015, the total number of employees of the Group was approximately 384. For the year ended 31 December 2015, the staff costs including directors' remuneration of the Group amounted to HK\$59,306,000 (2014: HK\$59,716,000), representing 12.0% of the revenue of the Group. Staff costs for the year 2015 was stable as compared to year 2014. Appropriate staff force is maintained cautiously in accordance with the operational needs and activities of the Group.

It is the Group policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Charges on Group Assets

As at 31 December 2015, fixed deposits of approximately HK\$13,784,000 (2014: HK\$10,144,000) were pledged to banks to secure banking facilities of the Group while amounts of approximately HK\$10,161,000 (2014: HK\$10,791,000) were pledged to banks as security for one of our suppliers.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including short-term and long term borrowings, as shown in the consolidated statement of financial position), less cash and bank balances, divided by total equity, plus net debt. As at 31 December 2015, the Group had a gearing ratio of 0.05 (2014: 0.11).

Foreign Exchange Exposure

During the year ended 31 December 2015, the Group had an exchange loss of approximately HK\$7,913,000 (2014: HK\$3,489,000), mainly resulted from the continuous devaluation of Renminbi during the year.

Contingent Liabilities

As at 31 December 2015, the Group provided bank guarantee with aggregate principal amounts of approximately HK\$143,280,000 in respect of banking facilities to the Zhong Bao Group (2014: HK\$215,560,000).

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

PROSPECT

The Group will continue to dedicate ourselves to servicing luxury cars in Fujian Province and will further strengthen our sales team for service excellence. Looking ahead, we believe that the China's automobile market will become more mature and consumption will be more rational that the steady growth in demand for high-quality after-sales service will be sustained. As the competition in the PRC automobile industry intensifies, the Company is confident that its experienced management and skilled service team can continue to grow its business in sales of motor vehicles and after-sales service.

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

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors and chief executive 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

None of the Directors or the management of the Company had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

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.

No option has been granted under the Share Option Scheme during the year.

ADVANCES TO ENTITIES

As defined in GEM Listing Rules 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 Listing 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 31 December 2015, the Company’s total assets were approximately HK\$775,466,000.

	(Audited) As at 31 December 2015 HK\$’000	Assets Ratio (%)	(Audited) As at 31 December 2014 HK\$’000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group*	<u>143,280</u>	<u>18.5%</u>	<u>215,560</u>	<u>N/A</u>

Relevant advances in comparison to the previous disclosure are shown below:

	(Audited) As at 31 December 2015 HK\$’000	Assets Ratio (%)	(Unaudited) As at 30 September 2015 HK\$’000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group*	<u>143,280</u>	<u>18.5%</u>	<u>207,060</u>	<u>N/A</u>

* “Zhong Bao Group” means Xiamen Zhong Bao Automobiles Co., Ltd and certain of its subsidiaries and related companies.

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

On 18 November 2015, Xiamen BMW Automobiles Service Co. Ltd (“Xiamen BMW”), an indirect wholly-owned subsidiary of the Company, entered into a guarantee agreement (“Guarantee Agreement”) whereby Xiamen BMW will during the period from 1 January 2016 to 31 December 2017 guarantee Xiamen Zhong Bao’s banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB190 million (“Facilities Guarantees”). At the Company’s extraordinary general meeting (“EGM”) held on 30 December 2015, the Company obtained the Shareholders’ approval on the Facilities Guarantees and the entering into of the Guarantee Agreement.

As disclosed in the circular of the Company dated 14 December 2015 (the “Circular”), the maximum aggregate amount of guarantees provided by Xiamen BMW to Xiamen Zhong Bao is approximately RMB189.65 million, which is based on the maximum principal amount of RMB170 million in aggregate under the facilities granted by three banks (“Facilities Providers”) in the PRC to Xiamen Zhong Bao and the estimated maximum amount of interest and fees under the Facilities Guarantees in the aggregate amount of RMB19.65 million.

Further details of the Guarantee Agreement and the Facilities Guarantees thereunder have been set out in the announcement of the Company dated 18 November 2015 and the circular respectively.

On 31 December 2015, Xiamen BMW obtained a notice from one of the Facilities Providers that Xiamen Zhong Bao had repaid all the outstanding borrowings under the facilities of RMB50 million it granted and agreed to release and waive all its rights to claim the guarantor, Xiamen BMW under the relevant facilities guarantee agreement.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2015, the Company had adopted a code of conduct regarding securities transactions by Directors 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 had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules (the “Code Provision”) throughout the year ended 31 December 2015.

The Board continue to monitor and review the Group’s progress in respect of corporate governance practices to ensure compliance.

AUDIT COMMITTEE

The Audit Committee was formed on 5 June 2002 and is currently composed of the three independent non-executive Directors, namely, Mr. Zhou Ming, Mr. Yin Bin and Ms. Song Qi Hong. Mr. Zhou Ming is the Chairman of the Audit Committee. Mr. Lee Kwok Yung, who resigned as an independent non-executive Director on 16 November 2015, was the chairman of the Audit Committee until 16 November 2015.

The primary duties of the Audit Committee are mainly to (a) review the Group’s annual reports, consolidated financial statements, interim reports and quarterly reports, and (b) to review and supervise the financial reporting process, risk management and the internal control system of the Group, and (c) liaise with the external auditor at least twice a year and provide advice and comments thereon to the Board. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2015, the Audit Committee held seven meetings. The attendance record of each member of the Committee is set out as below:

Independent Non-Executive Directors	Attendance
Zhou Ming (appointed as the chairman of the Audit Committee on 16 November 2015)	1/7
Lee Kwok Yung (resigned as an independent non-executive Director and the chairman of the Audit Committee on 16 November 2015)	5/7
Yin Bin	5/7
Song Qi Hong	7/7
Wong Jacob (resigned as an independent non-executive Director and a member of the Audit Committee on 20 August 2015)	2/7

The Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions for improvement. The Committee also carried out and discharged its duties set out in Code Provision. In the course of doing so, the Committee has met with the company's management and external auditors during 2015. The audited consolidated financial results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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 shares during the year ended 31 December 2015.

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Loh Boon Cha, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Zhang Xi and Mr. Ma Hang Kon, Louis. Independent non-executive Directors of the Company as at the date hereof are Mr. Zhou Ming, Mr. Yin Bin and Ms. Song Qi Hong.

On behalf of the Board
G.A. Holdings Limited
Loh Boon Cha
Chairman

Hong Kong, 24 March 2016

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the company's website at www.ga-holdings.com.hk.

* *for identification purpose only*