

Interim Report 2016



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)





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

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



INDEPENDENT REVIEW REPORT

To the Board of Directors of G.A. Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 26, which comprises the condensed consolidated statement of financial position of G.A. Holdings Limited as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Scope of Review

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

Conclusion

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

10 August 2016

Lin Ching Yee Daniel

Practising Certificate No.: P02771

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	2	113,073	127,390	230,539	246,277
Other income	2	11,294	15,780	22,220	74,635
Changes in inventories Auto parts and accessories, and motor vehicles purchased		(1,370)	(24,750)	(14,284)	(25,371)
Employee benefit expenses	3	(58,453)	(50,606)	(128,531)	(122,416)
Depreciation and amortisation		(19,473)	(16,448)	(31,829)	(28,276)
Operating lease charges		(5,624)	(5,959)	(11,835)	(12,673)
Exchange differences, net		(3,879)	(5,037)	(8,408)	(9,964)
Impairment loss on goodwill	7	(2,123)	(150)	(1,972)	(1,394)
Other expenses		-	(3,750)	-	(3,750)
		(18,291)	(15,791)	(33,401)	(31,603)
Profit from operating activities		15,154	20,679	22,499	85,465
Finance costs	3	(1,222)	(1,642)	(2,679)	(4,053)
Profit before income tax	3	13,932	19,037	19,820	81,412
Income tax expense	4	(6,511)	(6,764)	(9,656)	(11,859)
Profit for the period		7,421	12,273	10,164	69,553
Other comprehensive (expense)/ income, item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of financial statements of foreign operations		(11,463)	(2,437)	(9,190)	(13,225)
Total comprehensive (expense)/income for the period		(4,042)	9,836	974	56,328

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

for the six months ended 30 June 2016

	Note	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Profit for the period attributable to:					
Owners of the Company		8,103	15,187	12,813	74,536
Non-controlling interests		(682)	(2,914)	(2,649)	(4,983)
		7,421	12,273	10,164	69,553
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(3,103)	12,638	3,831	61,323
Non-controlling interests		(939)	(2,802)	(2,857)	(4,995)
		(4,042)	9,836	974	56,328
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
Basic and diluted	5	1.70	3.19	2.69	15.65

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	(Unaudited)	(Audited)
		As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	6	96,494	98,567
Leasehold lands		4,077	4,206
Prepaid rental expenses		30,353	31,402
Goodwill	7	–	–
		130,924	134,175
Current assets			
Inventories		78,449	92,733
Trade receivables	8	150,313	102,430
Prepayment, deposits and other receivables	9	330,570	335,770
Pledged deposits		23,102	23,945
Cash and bank balances		60,328	86,413
		642,762	641,291
Current liabilities			
Trade payables	10	48,426	37,917
Accruals and other payables		50,013	43,573
Borrowings		91,454	105,707
Amounts due to related companies		287	293
Amounts due to directors		26,359	27,315
Tax payable		10,436	14,641
		226,975	229,446

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

as at 30 June 2016

	(Unaudited)	(Audited)
	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Net current assets	415,787	411,845
Total assets less current liabilities	546,711	546,020
Non-current liabilities		
Borrowings	4,841	6,312
Deferred tax liabilities	5,271	4,083
	10,112	10,395
Net assets	536,599	535,625
EQUITY		
Equity attributable to owners of the Company		
Share capital	47,630	47,630
Reserves	479,464	475,633
	527,094	523,263
Non-controlling interests	9,505	12,362
Total equity	536,599	535,625

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	Attributable to owners of the Company					Total	Non-Controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Translation reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the six months ended 30 June 2016 (unaudited)								
As at 1 January 2016	47,630	29,522	8,623	(646)	438,134	523,263	12,362	535,625
Profit for the period	-	-	-	-	12,813	12,813	(2,649)	10,164
Other comprehensive income								
Translation difference	-	-	-	(8,982)	-	(8,982)	(208)	(9,190)
Total comprehensive income for the period	-	-	-	(8,982)	12,813	3,831	(2,857)	974
As at 30 June 2016	47,630	29,522	8,623	(9,628)	450,947	527,094	9,505	536,599
For the six months ended 30 June 2015 (unaudited)								
As at 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit for the period	-	-	-	-	74,536	74,536	(4,983)	69,553
Other comprehensive income								
Translation difference	-	-	-	(13,213)	-	(13,213)	(12)	(13,225)
Total comprehensive income for the period	-	-	-	(13,213)	74,536	61,323	(4,995)	56,328
As at 30 June 2015	47,630	29,522	8,623	25,114	416,662	527,551	21,367	548,918

Note: These reserves accounts comprise the consolidated reserves of HK\$479,464,000 (31 December 2015: HK\$475,633,000) in the condensed consolidated statement of financial position as at 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2016

	(Unaudited)	
	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Net cash generated from/(used in) operating activities	1,562	(11,433)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,044)	(4,392)
Proceeds from disposal of property, plant and equipment	1,988	2,093
Decrease/(Increase) in pledged deposits	367	(750)
Net cash used in investing activities	(8,689)	(3,049)
Cash flows from financing activities		
Proceeds from bank borrowings	33,889	76,776
Repayment of bank borrowings	(45,736)	(64,136)
Other financing activities	(7,022)	(7,476)
Net cash (used in)/generated from financing activities	(18,869)	5,164
Net decrease in cash and cash equivalents	(25,996)	(9,318)
Cash and cash equivalents at beginning of period	86,413	34,272
Translation adjustments	(89)	(1,417)
Cash and cash equivalent at end of period, represented by cash and bank balances	60,328	23,537

NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2016

1. GENERAL INFORMATION AND BASIS OF PREPARATION

G. A. Holdings Limited (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 located 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 and its subsidiaries (collectively, the “Group”) are principally engaged in the sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

These unaudited condensed consolidated interim financial statements (the “Interim Financial Information”) are presented in Hong Kong dollars (“HK\$”), unless otherwise stated, which were authorised for issue by the Company’s Board of Directors on 10 August 2016.

(a) Statement of compliance

The Interim Financial Information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015. Except as described below, the basis of preparation and accounting policies adopted in preparing the Interim Financial Information are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.



1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

(b) Adoption of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current period, the Group has applied, for the first time the following revised HKFRSs issued by HKICPA, which have become effective for accounting period beginning on 1 January 2016 and are relevant to the Group:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvement 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the revised HKFRSs has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new or amended HKFRSs that are not yet effective for the current accounting period.

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group recognised revenue by category as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue				
Sales of motor vehicles	21,902	33,314	58,826	57,410
Servicing of motor vehicles and sales of auto parts	82,848	87,198	158,902	174,840
Technical fee income	8,323	6,878	12,811	14,027
	113,073	127,390	230,539	246,277
Other income				
Car rental income	6,379	6,574	13,077	13,312
Interest income on financial assets stated at amortised cost	28	100	457	493
Waiver of interest payable (<i>Note</i>)	–	–	–	45,626
Commission income	2,748	3,788	5,539	8,325
Financial guarantee income	211	2,747	424	3,770
Others	1,928	2,571	2,723	3,109
	11,294	15,780	22,220	74,635



2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(Continued)

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 agreed to waive the balance of the interests incurred for the principal debt and legal cost incurred. Income arising from waiver of interest and the related cost of HK\$45,626,000 was recognised during the six months ended 30 June 2015 upon settlement of the outstanding principal debt by the Group.

Segment information

The Group has identified the following reportable segments for the period:

- Sales of motor vehicles and provision of car-related technical services (“Activity 1”)
- Servicing of motor vehicles and sales of auto parts (“Activity 2”)

Each of these reportable operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. During the period, the Group has removed the disclosure of an operating segment which previously reported under commission income from sales of cars from German Automobiles Pte Ltd to German Automobiles Limited, both are wholly-owned subsidiaries of the Company (“Activity 3”) as these subsidiaries have no longer earned revenue and incurred expense under Activity 3 and have no reportable segment revenue and profit for the six months ended 30 June 2016 and 2015.

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(Continued)

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

	(Unaudited)		
	Six months ended 30 June 2016		
	Activity 1	Activity 2	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	71,637	158,902	230,539
Reportable segment profit	2,210	16,383	18,593
Other Information			
Depreciation and amortisation	(2,965)	(2,350)	(5,315)
Write-off of other receivables	–	(594)	(594)
Loss on disposal of property, plant and equipment	(2,694)	–	(2,694)
Addition to non-current assets during the period	7,579	552	8,131

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

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

(b) Segment assets and liabilities

	(Unaudited)		
	As at 30 June 2016		
	Activity 1 HK\$'000	Activity 2 HK\$'000	Total HK\$'000
Reportable segment assets	149,636	486,675	636,311
Reportable segment liabilities	83,812	89,066	172,878

	(Audited)		
	As at 31 December 2015		
	Activity 1 HK\$'000	Activity 2 HK\$'000	Total HK\$'000
Reportable segment assets	143,877	464,439	608,316
Reportable segment liabilities	89,503	78,526	168,029

(c) Reconciliation of segment information to the Group's key financial figures as presented in the Interim Financial Information

	(Unaudited)	
	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Reportable segment revenue	230,539	246,277
Reportable segment profit	18,593	25,479
Car rental income	13,077	13,312
Other income	9,143	61,323
Unallocated corporate expenses		
Employee benefit expenses	(4,589)	(4,069)
Depreciation and amortisation	(6,520)	(6,424)
Operating lease charges	(1,004)	(932)
Others	(8,597)	(6,939)
Unallocated finance costs	(283)	(338)
Profit before income tax	19,820	81,412

2. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(Continued)

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

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Reportable segment assets	636,311	608,316
Non-current corporate assets (note (i))	34,864	36,549
Current corporate assets (note (ii))	102,511	130,601
Consolidated total assets	773,686	775,466
Reportable segment liabilities	172,878	168,029
Non-current corporate liabilities (note (iii))	10,112	10,395
Current corporate liabilities (note (iv))	54,097	61,417
Consolidated total liabilities	237,087	239,841

Notes:

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

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

(d) Geographical segments

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

	Revenue from external customers		Non-current assets	
	(Unaudited) Six months ended 30 June 2016 HK\$'000	(Unaudited) Six months ended 30 June 2015 HK\$'000	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Singapore	–	–	2,949	3,383
The People's Republic of China (the "PRC")	230,539	246,277	93,111	94,243
Hong Kong	–	–	34,864	36,549
	230,539	246,277	130,924	134,175

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

3. PROFIT BEFORE INCOME TAX

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

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Finance costs				
Interest charges on bank loans and other borrowings wholly repayable within five years	1,025	1,411	2,269	3,643
Interest element of finance lease rental payments	197	231	410	410
	1,222	1,642	2,679	4,053
Employee benefits expenses (including directors' emoluments)				
Salaries and wages	16,643	14,288	26,943	24,645
Other benefits	1,786	1,659	3,182	2,555
Pension costs – defined contribution plans	1,044	501	1,704	1,076
	19,473	16,448	31,829	28,276

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Other items				
Depreciation of property, plant and equipment	5,399	5,718	11,376	12,184
Net loss/(gain) on disposal of property, plant and equipment	2,340	(1,442)	2,298	(1,679)
Amortisation of prepaid rental expenses	205	220	413	440
Annual charges of prepaid operating land lease payments	20	21	46	49
Impairment loss on inventories	–	1,898	–	1,898
Impairment loss on goodwill	–	3,750	–	3,750
Write-off of other receivables	–	–	594	–
Financial guarantee expense	651	1,141	651	2,712

4. INCOME TAX EXPENSE

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current – Hong Kong Charge for the period	307	767	614	1,285
Current – Overseas Charge for the period	4,997	5,997	7,835	10,574
Current tax expenses	5,304	6,764	8,449	11,859
Deferred tax expense	1,207	–	1,207	–
Total income tax expense	6,511	6,764	9,656	11,859

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of the income tax rates for domestic-invested and foreign invested enterprises at 25% (2015: 25%).

The income tax in respect of operations in Singapore is calculated at the rate of 17% (2015: 17%) on the estimated assessable profits for the period.

According to the relevant laws and regulations in the PRC, the Group is liable to withholding tax on the distribution of profits from the PRC subsidiaries. Deferred tax of approximately HK\$1,207,000 (30 June 2015: Nil) has been provided for in the Interim Financial Information in respect of the temporary differences attributable to such profits.

5. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 June 2016 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 June 2016 of approximately HK\$8,103,000 (Three months ended 30 June 2015: HK\$15,187,000) and on the weighted average number of 476,300,000 (Three months ended 30 June 2015: 476,300,000) ordinary shares in issue during the three months ended 30 June 2016.

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the unaudited profit attributable to the owners of the Company for the six months ended 30 June 2016 of approximately HK\$12,813,000 (six months ended 30 June 2015: HK\$74,536,000) and on the weighted average number of 476,300,000 (six months ended 30 June 2015: 476,300,000) ordinary shares in issue during the six months ended 30 June 2016.

Diluted earnings per share for the three months and the six months ended 30 June 2016 and 2015 are the same as the basic earnings per share as there was no dilutive potential ordinary share in issue during the respective periods.

6. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with total cost of approximately HK\$14,849,000 (six months ended 30 June 2015: HK\$8,370,000) and disposed of certain items of property, plant and equipment with total carrying amount of approximately HK\$4,286,000 (six months ended 30 June 2015: HK\$414,000).

7. GOODWILL

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Carrying amount		
At beginning of period/year	–	3,750
Impairment loss recognised	–	(3,750)
At the end of the period/year	–	–

The goodwill was fully impaired during the year ended 31 December 2015.

8. TRADE RECEIVABLES

The credit periods of the Group usually range from 3 to 9 months. At the end of the reporting period, the aging analysis of trade receivables, based on invoice date, is as follows:

	(Unaudited) As at 30 June 2016 <i>HK\$'000</i>	(Audited) As at 31 December 2015 <i>HK\$'000</i>
0 – 90 days	61,582	40,931
91 – 180 days	18,844	22,576
181 – 365 days	52,062	25,506
Over 1 year	19,292	14,913
	151,780	103,926
Less: allowance for impairment of receivables	(1,467)	(1,496)
	150,313	102,430

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

	(Unaudited) As at 30 June 2016 <i>HK\$'000</i>	(Audited) As at 31 December 2015 <i>HK\$'000</i>
Balance at the beginning of the period/year	1,496	1,674
Reversal of impairment loss previously recognised	–	(84)
Exchange differences	(29)	(94)
Balance at the end of the period/year	1,467	1,496

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Advances to Zhong Bao Group (<i>note</i>)	256,252	244,401
Current portion of prepaid rental expenses	880	837
Other receivables, prepayments and deposit paid	73,438	90,532
	330,570	335,770

Note:

The Group has maintained long term business relationship with Xiamen Zhong Bao Automobiles Co., Limited (“Xiamen Zhong Bao”) and its related companies (collectively, “Zhong Bao Group”).

Pursuant to the technical and management service agreements (the “Technical Agreements”) entered into between the Group and Zhong Bao Group, the Group would provide technical expertise, management service and financial assistance to Zhong Bao Group including making advances for the operations of the distribution of locally manufactured BMW motor vehicles in the PRC by Zhong Bao Group. The technical fee charged by the Group is based on agreed terms with reference to the monthly actual sales quantity of specified car model of Zhong Bao Group.

Other than the above, the Group sells motor vehicles, auto parts and provides motor vehicles services to the customers of Zhong Bao Group. Receivables arising from the above transactions including advances made to Zhong Bao Group outstanding as at 30 June 2016 amounted to HK\$388,462,000 (31 December 2015: HK\$338,090,000), which was reduced to HK\$381,512,000 (31 December 2015: HK\$335,818,000) after netting off the trade and other payables balances due by the Group to Zhong Bao Group. The amount is interest free and repayable on demand.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

On 19 March 2015, the Group entered into agreement with Xiamen Zhong Bao (the “2015 Repayment Agreement”) pursuant to which Xiamen Zhong Bao agreed to settle the outstanding net of receivables due by Zhong Bao Group, as at 31 December 2014 by instalments by 30 September 2015. Pursuant to the 2015 Repayment Agreement, all of the existing motor vehicles purchased by Xiamen Zhong Bao were pledged to the Group as security for the repayment. In addition, all motor vehicles purchased by Xiamen Zhong Bao subsequent to 19 March 2015 were also pledged to the Group until full settlement of the amount due by Zhong Bao Group, including the new advances or trade receivables arose subsequent to 19 March 2015. The Group will release the pledge of those motor vehicles upon full settlement of all outstanding balance due by Zhong Bao Group.

The 2015 Repayment Agreement which remains effective as long as there are outstanding balances due by Zhong Bao Group provide safeguard for the balances due by Zhong Bao Group.

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

10. TRADE PAYABLES

The credit period of the Group is usually 3 months. At the end of the reporting period, the aging analysis of trade payables, based on invoice date, is as follows:

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
0 – 30 days	27,347	31,064
31 – 180 days	20,035	4,720
181 – 365 days	416	811
1 to 2 years	580	1,222
Over 2 years	48	100
	48,426	37,917

11. COMMITMENTS

(a) Operating lease commitments

As lessor

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

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Within one year	11,967	13,201
After one year but within five years	9,925	11,883
	21,892	25,084

As lessee

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

At the end of the reporting period, the total future minimum lease payment under non-cancellable operating leases payable by the Group are as follows:

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Within one year	9,384	15,182
After one year but within five years	17,380	20,319
After five years	12,412	10,014
	39,176	45,515

11. COMMITMENTS *(Continued)*

(b) Capital commitment

As at 30 June 2016, the Group had commitment contracted but not provided for the purchase of property, plant and equipment of approximately HK\$2,768,000 (31 December 2015: HK\$7,306,000).

12. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had given guarantees as follows:

	(Unaudited) As at 30 June 2016 HK\$'000	(Audited) As at 31 December 2015 HK\$'000
Guarantees for banking facilities granted to Zhong Bao Group – principal amount <i>(note)</i>	175,500	143,280

Note:

Included in accruals and other payables as at 30 June 2016 of approximately HK\$2,062,000 (31 December 2015: approximately HK\$1,876,000) are liabilities recognised in relation to the above guarantees.

13. TRANSACTIONS WITH ZHONG BAO GROUP

Save for those disclosed as set out in notes 9 and 12, the Group had generated income of car servicing and sales of auto parts of HK\$20,255,000 (six months ended 30 June 2015: HK\$23,268,000 excluded value added tax) and earned technical fee income of HK\$12,811,000 (six months ended 30 June 2015: HK\$14,027,000) from Zhong Bao Group during the six months ended 30 June 2016.

14. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with related parties:

Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Key management personnel compensation		
Short term employee benefits	3,261	2,587
Post-employment benefits	70	92
	3,331	2,679

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2016 (the “Interim Period”), the Group recorded a slight decrease in total revenue. It was mainly due to the decrease in both technical fee income and revenue from servicing of motor vehicles and sales of auto parts offset by the continuous growth in sales of motor vehicles following the full operation of a dealership store for ultra-luxury automobile brands in the middle of 2014.

Profit for the period ended 30 June 2016 was HK\$10,164,000 compared to HK\$69,553,000 in the corresponding period in 2015. The decrease in profit was mainly resulted from i) the decrease in total revenue and gross profit margin during the current period; and ii) the absence of one-off income from waiver of interest payable of HK\$45,626,000 from a creditor in 2015. Total comprehensive income was HK\$974,000 in the period under review compared to HK\$56,328,000 last year after adjusting for exchange difference on translation of financial statements of foreign operations.



1. Sales of motor vehicles

For the six months ended 30 June 2016, revenue generated from the sales of motor vehicles was approximately HK\$58,826,000, increased by 2.5% compared to corresponding period in 2015. The increase reflected improved customer awareness and recognition of our 4S store for luxury brands in Fuzhou.

2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts decreased by 9.1% to HK\$158,902,000 compared to corresponding period in 2015. With the slowing growth in China's macro-economy and automobile industry, there is a corresponding effect on aftersales services and as a result, the revenue from our after-sales business decreased accordingly.

3. Technical fee income

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

Technical fee income for the six months ended 30 June 2016 was approximately HK\$12,811,000, decreased by approximately 8.7% as compared to the corresponding period in 2015. The decrease was mainly due to the decrease in sales of locally assembled BMW sold by Zhong Bao Group during the period.

4. Car rental business

The operation of car rental business in Hong Kong for the six months ended 30 June 2016 was HK\$13,077,000 which was stable compared to the corresponding period in 2015.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the six months ended 30 June 2016 decreased by 6.4% from HK\$246,277,000 in the corresponding period in 2015 to HK\$230,539,000. The decrease was the net result of the declines in revenue from servicing of motor vehicles, sales of auto parts and technical fee income and the growth in sales of motor vehicles.

Gross Profit

The gross profit for the Interim Period was HK\$87,724,000, decreased by approximately 10.9% as compared to the corresponding period in 2015 and the gross profit margin for the Interim Period decreased from approximately 40.0% in the corresponding period in 2015 to approximately 38.1% in the Interim Period.

The decrease in gross profit margin was mainly attributable to i) continued price pressure on both new cars and certain value-added services as a result of the changing supply and demand; and ii) the increased share of sales contribution from sales of motor vehicles, which yields relatively lower profit.

Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$31,829,000 for the six months ended 30 June 2016, representing a 12.6% increase as compared to HK\$28,276,000 in the corresponding period in 2015. This was driven by a one-time discretionary bonus and the increase in sales commission to salesmen.

Operating Lease Charges

The operating lease charges for the six months ended 30 June 2016 decreased by 15.6% from HK\$9,964,000 in the corresponding period in 2015 to HK\$8,408,000 in 2016. This was mainly attributable to the removal of a showroom from downtown to uptown of Fuzhou during the current period, lowering the monthly rental expense.



Foreign Exchange Exposure

For the Interim Period, the exchange loss of the Group was approximately HK\$1,972,000, as compared to the loss of approximately HK\$1,394,000 in the corresponding period in 2015. The exchange loss was the net result of the translation of accounts receivables, accounts payables and inter-company balances from Renminbi to Hong Kong dollars.

Other Expenses

For the Interim Period, other expenses were approximately HK\$33,401,000, representing an increase of 5.7% as compared to the corresponding period in 2015. The increase was the net result of an increase in promotional and other marketing expenses and a decrease in provision for financial guarantee expense.

Income Tax Expense

Income tax expense during the six months ended 30 June 2016 was approximately HK\$9,656,000 representing a decrease of approximately HK\$2,203,000 as compared with approximately HK\$11,859,000 in the corresponding period in 2015. The amount of income tax expense represented the current tax expenses of approximately HK\$8,449,000 and deferred tax of approximately HK\$1,207,000 arising from the provision for withholding tax upon distribution of profits earned by a PRC subsidiary.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2016 was HK\$12,813,000 while HK\$74,536,000 was recorded in the corresponding period in 2015. The decrease was a net result of i) the decrease in both total revenue and gross profit margin during the Interim Period; ii) the absence of one-off income from waiver of interest payable of HK\$45,626,000 from a creditor recognised in 2015; and iii) the absence of impairments made on goodwill and inventories in 2015.

Financial Resources and Liquidity

As at 30 June 2016, shareholders' fund of the Group amounted to approximately HK\$536,599,000 (31 December 2015: HK\$535,625,000). Current assets amounted to approximately HK\$642,762,000 (31 December 2015: HK\$641,291,000). Of which, approximately HK\$83,430,000 (31 December 2015: HK\$110,358,000) were cash and bank deposits. Current liabilities, amounted to approximately HK\$226,975,000 (31 December 2015: HK\$229,446,000), were mainly trade payables, borrowings, accruals and other payables and amounts due to directors. The Group had non-current liabilities amounted to approximately HK\$10,112,000 (31 December 2015: HK\$10,395,000). The net asset value per share as at 30 June 2016 was at approximately HK\$1.13 (31 December 2015: HK\$1.12).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings less cash and cash equivalents (net debt), divided by total equity plus net debt. As at 30 June 2016, the gearing ratio of the Group was approximately 0.06 (31 December 2015: 0.05).

Capital Commitment

As at 30 June 2016, the Group had commitment contracted but not provided for the purchase of property, plant and equipment of approximately HK\$2,768,000 (31 December 2015: HK\$7,306,000).

Charges On Group Assets

As at 30 June 2016, fixed deposits of approximately HK\$12,455,000 (31 December 2015: HK\$13,784,000) were pledged to banks to secure banking facilities of the Group while amounts of HK\$10,647,000 (31 December 2015: HK\$10,161,000) were pledged to banks as security to one of our suppliers.

Contingent Liabilities

As at 30 June 2016, the Group also provided bank guarantees with an aggregate principal amount of HK\$175,500,000 (31 December 2015: HK\$143,280,000) in respect of banking facilities to Zhong Bao Group.



Employee Information

As at 30 June 2016, the total number of employee of the Group was 431 (30 June 2015: 431). For the Interim Period, the staff costs including Directors' remuneration of the Group, comprises of approximately 13.8% of the revenue of the Group and was approximately HK\$31,829,000, increased by 12.6% as compared to the corresponding period in 2015. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Retirement Benefits

During the Interim Period, the aggregate amount of the employer's contribution of the Group under Central Provident Fund in Singapore and Mandatory Provident Fund in Hong Kong was amounted to approximately HK\$1,704,000 (six months ended 30 June 2015: HK\$1,076,000).

Capital Structure of the Group in Debt Securities

During the Interim Period and the corresponding period in 2015, the Group has no debt securities in issue.

Materials Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 3 February 2016, 廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.*) ("Xiamen BMW"), a wholly-owned subsidiary of the Company, has entered into a non-legally binding memorandum of understanding (as supplemented by a supplemental memorandum of understanding dated 28 July 2016) (the "MOU") with Xiamen Zhong Bao in relation to the potential acquisition of three PRC incorporated companies by Xiamen BMW. Details of the MOU are set out in the announcements of the Company dated 3 February 2016, 14 March 2016 and 28 July 2016. No formal agreement has been entered into between the parties as at the date of this report.

Save for the potential acquisition which may be contemplated pursuant to the MOU, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Material Investments or Capital Assets

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

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

Event after the Report Period

Up to the date of this report, there was no material event relevant to the business or financial performance of the Group after 30 June 2016 that comes into the attention of the Directors.

PROSPECTS

With the general slowdown of growth of the economy and various reforms of policies and regulations in the automobile industry in China effective this year, it is believed that the market has stepped into a new era with more intensified competition and more rational spending by the consumers. The selling prices of most of the premium cars and after-sales services will continue to be under pressure. Nevertheless, China is still the largest automobile market in the world and the car sales performance of the Group is expected to improve following the recent launch of new models of luxury brands. The Group will, on one hand, exert a greater control over operating cost and on the other hand, continue to strengthen its value-added business sector in addition to traditional after-sales service to customers to boost the revenue for the rest of the year. The Company is confident in balancing the risks and opportunities in this challenging year through its experienced management team with focus on service excellence.

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

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

As at 30 June 2016, the interests or short positions of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

Name	Capacity	Number of ordinary shares held			Total	Approximate percentage of shareholding
		Personal Interest	Family Interest	Corporate Interest		
Loh Boon Cha	Deemed interest	-	32,676,320 (Note)	45,284,000 (Note)	77,960,320	16.37%
Zhang Xi	Beneficial owner	500,000	-	-	500,000	0.1%
Ma Hang Kon, Louis	Beneficial owner	500,000	-	-	500,000	0.1%

Note:

Out of the 77,960,320 shares deemed to be interested by Mr. Loh Boon Cha, (i) 45,284,000 shares are held by Loh & Loh Construction Group Ltd. (which is interested as to 64% by Mr. Loh Nee Peng and 21% by Mr. Loh Boon Cha respectively) and (ii) 32,676,320 shares are held by Big Reap Investment Limited (which is interested as to 100% by Mr. Loh Nee Peng). By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the shares held by Loh & Loh Construction Group Ltd. and Big Reap Investment Limited as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng. Subsequent to the end of the Interim Period, Mr. Loh Boon Cha resigned as a director of the Company on 4 July 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors or their associates, has any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2016, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh Nee Peng	Interest of a controlled corporation (<i>Note 1</i>)	77,960,320	16.37%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation (<i>Note 2</i>)	71,771,085	15.07%
Tycoons Investment International Limited	Beneficial owner	71,671,085	15.05%
Loh & Loh Construction Group Ltd.	Beneficial owner	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner	32,676,320	6.86%



Notes:

1. The 77,960,320 shares are held as to 32,676,320 shares by Big Reap Investment Limited and as to 45,284,000 shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 64%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd. Loh & Loh Construction Group Ltd. is held as to 64% by Mr. Loh Nee Peng and 21% by Mr. Loh Boon Cha.
2. The 71,771,085 shares held as to 71,671,085 shares by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony, and 100,000 shares directly by Mr. Chan Hing Ka Anthony as beneficial owner. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited.

Save as disclosed above, as at 30 June 2016, the Directors are not aware of any other person or corporation having an interest or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

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

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

COMPETING INTERESTS

During the six months ended 30 June 2016, none of the Directors or the controlling shareholders of the Company and their respective close associates had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

During the six months ended 30 June 2016, no option has been granted under the share option scheme adopted by the Company on 10 October 2014 (2015: Nil).

ADVANCES TO ENTITIES

As defined in Rule 17.14 of the GEM Listing Rules, “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 Rule 17.16 of the GEM Listing Rules, a disclosure obligation arises where the increment of relevant advance amount to an entity from the Group exceeds 3% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules (the “Assets Ratio”). As at 30 June 2016, the Company’s total assets were approximately HK\$773,686,000.

	(Unaudited) As at 30 June 2016 HK\$'000	Assets Ratio (%)	(Unaudited) As at 31 March 2016 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantees to				
Zhong Bao Group (<i>note</i>)	175,500	22.7	144,000	3.9

Note:

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

On 18 November 2015, Xiamen BMW, an indirect wholly-owned subsidiary of the Company, entered into a guarantee agreement (“Guarantee Agreement”) with Xiamen Zhong Bao 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 held on 30 December 2015, the Company obtained the shareholders’ approval on the Facilities Guarantees and the entering into of the Guarantee Agreement.



Subsequently, the Group entered into a revised guarantee agreement on 29 April 2016 (the “Revised Guarantee Agreement”) with Xiamen Zhong Bao whereby Xiamen BMW and its immediate holding company, German Automobiles Pte Ltd. will during the period from 29 April 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 RMB170 million. The Revised Guarantee Agreement and the transactions contemplated thereunder have been approved by shareholder at the Company’s extraordinary general meeting held on 16 June 2016. Further details for the Revised Guarantee Agreement were set out in the circular of the Company dated 25 May 2016 and the announcements of the Company dated 29 April 2016 and 5 July 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2016, the Company had adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company were not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors’ securities transactions.

CORPORATE GOVERNANCE

The Company has complied with the standards and requirements concerning board practices and procedures of the Board and the Board also considers that the Company has complied with the Code Provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the Interim Period.

AUDIT COMMITTEE

Pursuant to Rule 5.28 to 5.33 of the GEM Listing Rules and Code Provision C.3.3., the Company’s Audit Committee was formed on 5 June 2002 and is currently composed of namely, Mr. Zhou Ming, Mr. Yin Bin and Ms. Guan Xin. Mr. Zhou Ming is the Chairman of the Audit Committee.

G.A. Holdings Limited

The primary duties of the Audit Committee are mainly: (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting, risk management and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board. The Audit Committee has reviewed the 2016 interim results and provided comments.

The unaudited condensed consolidated interim financial statements have been reviewed by Grant Thornton Hong Kong Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and the Audit Committee, and were approved by the Board of Directors on 10 August 2016.

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

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

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof are Mr. Luo Wan Ju, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Zhang Xi, Mr. Ma Hang Kon, Louis and Mr. Xue Guo Qiang. Independent Non-Executive Directors of the Company as at the date hereof are Mr. Zhou Ming, Mr. Yin Bin and Ms. Guan Xin.

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

Hong Kong, 10 August 2016

** For identification purpose only*