

# First Quarterly 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)





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

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

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

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

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2016 together with the comparative figures for the three months ended 31 March 2015 as follows:

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

*For the three months ended 31 March 2016*

	Notes	(Unaudited) Three months ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Revenue	2	117,466	118,887
Other income	2	10,926	58,855
		128,392	177,742
Changes in inventories		(12,914)	53,194
Auto parts and accessories, and motor vehicles purchased		(70,078)	(125,625)
Employee benefit expenses		(12,356)	(11,828)
Depreciation and amortisation		(6,211)	(6,714)
Operating lease charges		(4,529)	(4,927)
Exchange differences, net		151	(1,244)
Other expenses		(15,110)	(15,812)
<b>Profit from operations</b>		<b>7,345</b>	<b>64,786</b>
Finance costs		(1,457)	(2,411)
<b>Profit before income tax</b>		<b>5,888</b>	<b>62,375</b>
Income tax expense	3	(3,145)	(5,095)
<b>Profit for the period</b>		<b>2,743</b>	<b>57,280</b>
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		2,273	(10,788)
<b>Total comprehensive income for the period</b>		<b>5,016</b>	<b>46,492</b>

			(Unaudited)	
			Three months ended	
			31 March	
	Notes	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	
<b>Profit/(Loss) for the period attributable to:</b>				
Owners of the Company		4,710	59,349	
Non-controlling interests		(1,967)	(2,069)	
		2,743	57,280	
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company		6,934	48,685	
Non-controlling interests		(1,918)	(2,193)	
		5,016	46,492	
<b>Earnings per share</b>				
Basic and diluted	4	<i>HK cents</i>	<i>HK cents</i>	
		0.99	12.46	

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

For the three months ended 31 March 2016 and 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Translation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2015	47,630	29,522	8,623	38,327	342,126	466,228	26,362	492,590
Profit/(Loss) for the period	-	-	-	-	59,349	59,349	(2,069)	57,280
Other comprehensive income								
Translation differences	-	-	-	(10,664)	-	(10,664)	(124)	(10,788)
Total comprehensive income for the period	-	-	-	(10,664)	59,349	48,685	(2,193)	46,492
As at 31 March 2015	47,630	29,522	8,623	27,663	401,475	514,913	24,169	539,082
As at 1 January 2016	47,630	29,522	8,623	(646)	438,134	523,263	12,362	535,625
Profit/(Loss) for the period	-	-	-	-	4,710	4,710	(1,967)	2,743
Other comprehensive income								
Translation differences	-	-	-	2,224	-	2,224	49	2,273
Total comprehensive income for the period	-	-	-	2,224	4,710	6,934	(1,918)	5,016
As at 31 March 2016	47,630	29,522	8,623	1,578	442,844	530,197	10,444	540,641



Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 9 May 2016.

### (a) Statement of compliance

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

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

The significant judgments made by management in applying the Group's accounting policies, the key sources of estimation uncertainty, and, except for described below, the accounting policies adopted for the preparation of these unaudited condensed consolidated financial statements of the Group are consistent with those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

### (b) Adoption of new or revised HKFRSs

The Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2016.

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

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

### (c) Functional and presentation currency

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

## 2. REVENUE AND OTHER INCOME

Revenue of the Group is recognised by category is as follows:

	(Unaudited)	
	Three months ended	
	31 March	
	2016	2015
	HK\$'000	HK\$'000
<b>Revenue</b>		
Sales of motor vehicles	36,924	24,096
Servicing of motor vehicles and sales of auto parts	76,054	87,642
Technical fee income	4,488	7,149
	<b>117,466</b>	<b>118,887</b>

	(Unaudited)	
	Three months ended	
	31 March	
	2016	2015
	HK\$'000	HK\$'000
<b>Other income</b>		
Car rental income	6,698	6,738
Interest income on financial assets stated at amortised cost	429	393
Financial guarantee income	213	1,023
Waiver of interest payable ( <i>Note</i> )	-	45,626
Commission income	2,791	4,537
Sundry income	795	538
	<b>10,926</b>	<b>58,855</b>

*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 to 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 related costs of HK\$45,626,000 was recognised during 2015 upon settlement of the outstanding principal debt by the Group.

### 3. INCOME TAX EXPENSE

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 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 period based on the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25% (2015: 25%).

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

The Group has no material unprovided deferred taxation for the period (2015: Nil).

	(Unaudited)	
	Three months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong		
Charge for the period	(307)	(518)
Current tax – Overseas		
Charge for the period	(2,838)	(4,577)
<b>Total income tax expense</b>	<b>(3,145)</b>	<b>(5,095)</b>

### 4. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profit attributable to owners of the Company for the three months ended 31 March 2016 of HK\$4,710,000 (2015: HK\$59,349,000) and on the weighted average number of 476,300,000 (2015: 476,300,000) ordinary shares in issue during the period.

Diluted earnings per share for the three months ended 31 March 2016 and 2015 are the same as the basic earnings per share as there was no dilutive potential ordinary shares during the corresponding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the first three months in 2016, the Group recorded a slight decrease in total revenue. It was mainly due to the decreases 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 mid of 2014.

During the period ended 31 March 2016, the Group recorded total comprehensive income of HK\$5,016,000 as compared to HK\$46,492,000 in the corresponding period in year 2015. The sharp decrease in total comprehensive income was mainly resulted from i) the decrease in total revenue and gross profit margin during the current period ii) the absence of one-off income from waiver of interest payable of HK\$45,626,000 from a creditor in 2015; offset by iii) exchange difference on translation of financial statement of foreign operations during the current period.

#### 1. Sales of motor vehicles

For the three months ended 31 March 2016, sales of motor vehicles increase by 53% to HK\$36,924,000 from HK\$24,096,000 in the 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 13.2% to HK\$76,054,000 compared to corresponding period in 2015. With the slowing growth in China's macro-economy and automobile industry, there is a corresponding effect on after-sales 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., Ltd. ("Xiamen Zhong Bao") and certain of its subsidiaries and related companies (collectively referred to as the "Zhong Bao Group"), for providing management consulting and technical assistance for the PRC locally assembled BMW motor vehicles sold.

Technical fee income for the three months ended 31 March 2016 was HK\$4,488,000, decreased by 37.2% as compared to the corresponding period in 2015. The decrease was mainly due to the decline in sales of locally assembled BMW by Zhong Bao Group during the period.



#### 4. Car rental business

The operation of car rental business in Hong Kong for the three months ended 31 March 2016 was HK\$6,698,000 which was stable compared to the corresponding period in 2015.

## FINANCIAL REVIEW

### Revenue

The unaudited consolidated revenue for the three months ended 31 March 2016 decreased slightly by 1.2%, to HK\$117,466,000 in the current period from HK\$118,887,000 in the corresponding period in 2015. The decrease was the net result of the growth in sales of motor vehicles and the declines in technical fee income and income from servicing of motor vehicles and sales of auto parts.

### Gross profit

The gross profit for the three months ended 31 March 2016 was HK\$34,474,000, as compared to HK\$46,456,000 in the corresponding period in 2015, and was consistent with the decrease in total revenue.

The gross profit margin in the current period was 29.3% as compared to 39.1% for the three months ended 31 March 2015. 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 a of HK\$12,356,000 for the three months ended 31 March 2016, representing a 4.5% increase as compared to HK\$11,828,000 in the corresponding period in 2015. This was driven by a one-time discretionary bonus.

### Operating leases charges

The operating lease charges for the three months ended 31 March 2016 decreased by 8.1% from HK\$4,927,000 in the corresponding period in 2015 to HK\$4,529,000 in 2016. This was mainly attributable to the discretionary downward adjustment on rental charge of a store in Fuzhou during the renovation period.

### **Foreign exchange exposure**

During the three months ended 31 March 2016, the exchange gain was HK\$151,000 (2015: loss 1,244,000), which resulted from the translation of trade receivables, and inter-company balances mainly from Renminbi (“RMB”) to Hong Kong dollars, as the Group’s main operation was conducted in RMB.

### **Other expenses**

For the three months ended 31 March 2016, other expenses were HK\$15,110,000, representing a decrease of 4.4% compared to HK\$15,812,000 in the corresponding period in 2015. The decrease was the net result of an increase in marketing expenditure and a decrease in provision for financial guarantee.

### **Profit attributable to owners of the company**

The profit attributable to owners of the Company for the three months ended 31 March 2016 was HK\$4,710,000 while HK\$59,349,000 was recorded in the corresponding period in 2015. The decrease was mainly due to the decrease in both total revenue and gross profit margin during the period; and the absence of one-off income from waiver of interest payable of HK\$45,626,000 from a creditor recognised in 2015.

### **Capital commitment**

As at 31 March 2016, there is commitment contracted but not provided for purchase of property, plant and equipment of approximately HK\$6,525,000 (31 December 2015: HK\$7,306,000).

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2016 (three months ended 31 March 2015: Nil).

## **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 31 March 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

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

*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.

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Save as disclosed above, as at 31 March 2016, none of the Directors or their associates, has any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 March 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> )	72,047,085	15.13%
Tycoons Investment International Limited	Beneficial owner	71,671,085	15.05%
Loh & Loh Construction Group Ltd.	Beneficial owner ( <i>Note 1</i> )	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.

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2. The 72,047,085 shares held as to 71,671,085 shares by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony, and 376,000 shares 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 by Tycoons Investment International Limited.

Save as disclosed above, as at 31 March 2016, the Directors are not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## **DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS 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 rights to subscribe for equity or debt securities of the Company or any body corporate.

## **COMPETING INTERESTS**

During the three months ended 31 March 2016, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

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

During the three months ended 31 March 2016, no option has been granted under the Share Option Scheme.

## **ADVANCES TO ENTITIES**

As defined in GEM Listing Rule 17.14, "relevant advance to an entity" means the aggregate of amounts due from and all guarantees given on behalf of (i) an entity; (ii) the entity's controlling shareholder; (iii) the entity's subsidiaries; (iv) the entity's affiliated companies; and (v) any other entity with the same controlling shareholders.

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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 March 2016, the Company’s total assets were approximately HK\$766,396,000.

	(Unaudited) As at 31 March 2016 HK\$’000	Assets Ratio (%)	(Audited) As at 31 December 2015 HK\$’000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group ( <i>note</i> )	144,000	18.8	143,280	0.3

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

On 18 November 2015, 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. Please also refer to the paragraph headed “Connected Transactions and Related Party Transactions” of 2015 annual report for further details.

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. Please also refer to the paragraph headed “Connected Transactions and Related Party Transactions” of 2015 annual report for further details.

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.

Subsequent to the reporting period, the Company through its subsidiaries entered into a revised guarantee agreement on 29 April 2016 (the “Revised Guarantee Agreement”) 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 will be subject to shareholder’s approval at a general meeting. Further details for the Revised Guarantee Agreement was set out in the announcement of the Company dated 29 April 2016.

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

During the three months ended 31 March 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 was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors’ securities transactions.

## **CORPORATE GOVERNANCE**

The Board also considers that the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules throughout the period. Application of corporate governance policies are consistent with those adopted by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2015. Details of the deviation is set out in the annual consolidated financial statements for the year ended 31 December 2015.

## **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. Song Qi Hong. Mr. Zhou Ming is the Chairman of the Audit Committee.

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 first quarter results and provided comments.

The unaudited condensed consolidated financial statements have been reviewed by the Audit Committee of the Company and were approved by the Board of Directors on 9 May 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 three months ended 31 March 2016.

## **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.

By Order of the Board  
**G.A. Holdings Limited**  
**Loh Boon Cha**  
*Chairman*

Hong Kong, 9 May 2016