



# 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)



THIRD QUARTERLY  
REPORT **2022**



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

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 (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.*

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 nine months ended 30 September 2022 together with the comparative figures for the nine months ended 30 September 2021, as follows:

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

*For the three months and nine months ended 30 September 2022*

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	634,565	592,846	1,761,765	2,006,341
Other income	2	13,303	12,135	41,211	35,508
		647,868	604,981	1,802,976	2,041,849
Changes in inventories		5,489	24,464	1,088	23,880
Auto parts and accessories, and motor vehicles purchased		(576,276)	(537,813)	(1,541,263)	(1,759,641)
Employee benefit expenses		(33,134)	(33,769)	(100,950)	(99,127)
Depreciation and amortisation		(14,089)	(15,160)	(44,279)	(45,797)
Operating lease charges		(2,166)	(1,734)	(4,933)	(4,355)
Exchange differences, net		(2,335)	(534)	(4,742)	(1,220)
Reversal/(Provision) of Expected credit losses (“ECL”) allowance on trade and other receivables		-	-	3,188	(2,535)
Other expenses		(18,161)	(26,408)	(48,227)	(55,472)
<b>Profit from operations</b>		7,196	14,027	62,858	97,582
Finance costs		(7,746)	(8,246)	(25,250)	(25,619)
(Loss)/Profit before income tax		(550)	5,781	37,608	71,963
Income tax expense	3	(1,925)	(1,109)	(13,703)	(20,617)
<b>(Loss)/Profit for the period</b>		(2,475)	4,672	23,905	51,046

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
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		(42,544)	(3,375)	(75,712)	5,417
<b>Total comprehensive (expenses)/ income for the period</b>		<b>(45,019)</b>	<b>1,297</b>	<b>(51,807)</b>	<b>56,463</b>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share					
Basic and diluted	4	(0.52)	0.98	5.02	10.72

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Fair value reserve – non-recycling HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
For the nine months ended 30 September 2022 (unaudited)									
At 1 January 2022 (audited)	47,630	29,322	8,623	65,064	(10,735)	37,405	4,510	633,793	815,812
Profit for the period	-	-	-	-	-	-	-	23,905	23,905
Other comprehensive expense: Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(75,712)	-	-	(75,712)
Total comprehensive (expense)/ income for the period	-	-	-	-	-	(75,712)	-	23,905	(51,807)
Transactions with owners: Appropriation to statutory reserve	-	-	-	3,726	-	-	-	(3,726)	-
Total transactions with owners	-	-	-	3,726	-	-	-	(3,726)	-
At 30 September 2022	47,630	29,322	8,623	68,790	(10,735)	(38,307)	4,510	653,972	764,005
For the nine months ended 30 September 2021 (unaudited)									
At 1 January 2021 (audited)	47,630	29,322	8,623	56,310	(10,735)	13,666	2,502	577,114	724,632
Profit for the period	-	-	-	-	-	-	-	51,046	51,046
Other comprehensive income: Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	5,417	-	-	5,417
Total comprehensive income for the period	-	-	-	-	-	5,417	-	51,046	56,463
Transactions with owners: Appropriation to statutory reserve	-	-	-	6,652	-	-	-	(6,652)	-
Total transactions with owners	-	-	-	6,652	-	-	-	(6,652)	-
At 30 September 2021	47,630	29,322	8,623	62,962	(10,735)	19,083	2,502	621,508	781,095

Notes:

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company, unless otherwise stated.

### (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 GEM Listing Rules.

In preparing the unaudited 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 as described below, the accounting policies adopted for the preparation of these unaudited condensed consolidated statements of the Group are consistent with those applied in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2021.

(b) **Amended HKFRSs adopted as at 1 January 2022**

In the current period, the Group has applied for the first time the amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's financial information for the annual period beginning on 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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

(c) **Issued but not effective HKFRSs**

As at 30 September 2022, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective date not yet determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's results and financial position.

*Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

- It clarifies that a liability is non-current if an entity have a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period. This right has to be existed at the end of the reporting period, regardless of whether the lender tests for compliance at that date or at a later date;
- Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and
- "Settlements" are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity's own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32, the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liabilities is current or non-current.

Amendments to HKAS 1 is effective for annual reporting period beginning on or after 1 January 2023 and apply retrospectively. Earlier application is permitted. The Directors expect that the amendments have no material impact on the Group's results and financial position.





*Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”*

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, the Directors expect that the amendments have no other material impact on the Group’s results and financial position.

*Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The Directors expect that the amendments have no material impact on the Group’s results and financial position.

## 2. REVENUE AND OTHER INCOME

The Group recognised revenue by category as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>				
Sales of motor vehicles	470,629	421,611	1,302,485	1,475,017
Servicing of motor vehicles and sales of auto parts	155,892	162,313	435,037	501,718
Technical fee income	2,777	2,206	7,423	7,983
Car rental income	5,267	6,716	16,820	21,623
	<b>634,565</b>	<b>592,846</b>	<b>1,761,765</b>	<b>2,006,341</b>
<b>Other income</b>				
Bank interest income	135	165	965	1,187
Commission income	641	707	1,647	3,640
Consultant service income	9,746	7,518	25,001	23,173
Financial guarantee income	575	323	1,792	442
Government grants related to cash subsidies*	482	807	1,289	1,012
Net gain on disposal of property, plant and equipment and right of use assets	782	1,786	6,163	3,271
Sundry income	942	829	4,354	2,783
	<b>13,303</b>	<b>12,135</b>	<b>41,211</b>	<b>35,508</b>

\* Government grants mainly related to cash subsidies granted by the government in respect of operating activities which are unconditional grants or grants with conditions having been satisfied.

### 3. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current – Overseas Charge for the period	2,122	1,317	14,316	21,540
Current tax – total	2,122	1,317	14,316	21,540
Deferred tax	(197)	(208)	(613)	(623)
<b>Total income tax expense</b>	<b>1,925</b>	<b>1,109</b>	<b>13,703</b>	<b>20,917</b>

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2022 and 2021 is calculated at 16.5% of the estimated assessable profits for the periods. Hong Kong Profits Tax has not been provided as the assessable profits for both periods are wholly absorbed by unrelieved tax losses brought forward from previous years.

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% (nine months ended 30 September 2021: 25%).

Dividend distribution out of the retained profits of foreign-invested enterprises in the PRC earned after 1 January 2008 is subject to withholding income tax at a tax rate of 10% (nine months ended 30 September 2021: 10%) unless reduced by treaty. Under the tax treaty between Singapore and the Mainland China, the withholding income tax rate applicable to the Group is 5% (nine months ended 30 September 2021: 5%).

Income tax in respect of operations in Singapore has not been provided for the nine months ended 30 September 2022 and 2021 as the Company's Singapore subsidiary has no assessable profits for the periods.

#### 4. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the three months ended 30 September 2022 is based on the unaudited loss attributable to the owners of the Company for the three months ended 30 September 2022 of HK\$2,475,000 (three months ended 30 September 2021: unaudited profit of HK\$4,672,000) and on the weighted average number of 476,300,000 ordinary shares in issue during the three months ended 30 September 2022 (three months ended 30 September 2021: 476,300,000).

The calculation of basic earnings per share for the nine months ended 30 September 2022 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2022 of HK\$23,905,000 (nine months ended 30 September 2021: HK\$51,046,000) and on the weighted average number of 476,300,000 ordinary shares in issue during nine months ended 30 September 2022 (nine months ended 30 September 2021: 476,300,000).

Diluted (loss)/earnings per share for the three months and nine months ended 30 September 2022 and 2021 are the same as the basic (loss)/earnings per share as there was no dilutive potential ordinary share during the respective periods.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the nine months ended 30 September 2022, China experienced a new wave of COVID infections and prompted the government to take actions to contain the spread in many cities. Lockdowns and restrictions in various cities have dampened the market and the economy. The Group's car sales and after sales services experienced slowdown in 2022 with lower revenue and profit.

### FINANCIAL REVIEW

#### Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2022 decreased by 12.2% from HK\$2,006,341,000 for the nine months ended 30 September 2021 to HK\$1,761,765,000 for the nine months ended 30 September 2022.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2022, revenue generated from the sales of motor vehicles decreased by 11.7% from HK\$1,475,017,000 for the nine months ended 30 September 2021 to HK\$1,302,485,000 for the nine months ended 30 September 2022 mainly due to China's measures implemented for the control of COVID-19 epidemic during the nine months ended 30 September 2022.

#### 2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts decreased by 13.3% from HK\$501,718,000 for the nine months ended 30 September 2021 to HK\$435,037,000 for the nine months ended 30 September 2022 mainly due to the above-mentioned reason.

### 3. Technical fee income

The Group received technical fee income from Xiamen Zhong Bao Automobiles Co., Ltd.\* (“Xiamen Zhong Bao”) for providing management consulting and technical assistance in relation to the PRC locally assembled BMW motor vehicles sold by Xiamen Zhong Bao.

Technical fee income for the nine months ended 30 September 2022 was HK\$7,423,000, decreased by 7.0% as compared to HK\$7,983,000 for the corresponding period in 2021 since there was a decrease in the number of PRC locally assembled BMW sold by Xiamen Zhong Bao due to COVID-19 related measures in the PRC.

### 4. Car rental business

The income from car rental business in Hong Kong for the nine months ended 30 September 2022 was HK\$16,820,000, representing a decrease of 22.2% compared to the corresponding period in 2021. This was mainly due to decrease in long-term leasing customers amidst general business uncertainties resulting from the COVID-19 pandemic.

## Gross Operating Profit and Gross Operating Margin

Gross operating profit is calculated based on our revenue for the period minus changes in inventories and auto parts and accessories, and motor vehicles purchased during the period. Gross operating margin is calculated based on the gross operating profit for the period divided by revenue for the period multiplied by 100%.

The gross operating profit for the nine months ended 30 September 2022 decreased by 18.1% to HK\$221,590,000, as compared to HK\$270,580,000 in the corresponding period in 2021. This decrease was mainly due to (i) decrease in revenue during the period; and (ii) more discounts on car sales were offered to customers in the third-quarter of 2022 ahead of facelifting of several models.

The gross operating margin for the nine months ended 30 September 2022 was 12.6%, as compared to 13.5% for the nine months ended 30 September 2021. The decrease in gross operating margin during the period was mainly due to more discounts on car sales were offered to customers in the third-quarter of 2022 ahead of facelifting of several models.



## Other Income

Other income increased from HK\$35,508,000 in the corresponding period in 2021 to HK\$41,211,000 for the nine months ended 30 September 2022 mainly due to (i) increase in net gain on disposal of property, plant and equipment and right of use assets; and (ii) increase in financial guarantee income during the period.

## Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$100,950,000 for the nine months ended 30 September 2022, representing a slightly increase of 1.8% as compared to HK\$99,127,000 in the corresponding period in 2021. The increase was mainly due to an increase in general staff salary during the period.

## Depreciation and amortisation

Depreciation and amortisation expenses remained stable at HK\$44,279,000 and HK\$45,797,000 for the nine months ended 30 September 2022 and 30 September 2021 respectively.

## Foreign Exchange Exposure

During the nine months ended 30 September 2022, the Group recorded exchange loss of HK\$4,742,000 (2021: HK\$1,220,000), which was mainly resulted from the translation of receivables and payables denominated in foreign currencies other than the functional currency of the Group.

## Other Expenses

For the nine months ended 30 September 2022, other expenses were HK\$48,227,000, representing a decrease of 13.1% compared to HK\$55,472,000 in the corresponding period in 2021. The decrease was mainly attributable to (i) a write off in property, plant and equipment amounted to HK\$6,563,000 during the nine months ended 30 September 2021 while nil incurred for the nine months ended 30 September 2022; (ii) decrease in entertainment expenses and repair and maintenance expenses by HK\$1,518,000 and HK\$1,614,000 respectively for the nine months ended 30 September 2022; offset by (iii) increase in advertising expenses by HK\$3,720,000.

## Finance Costs

Finance costs decreased slightly from HK\$25,619,000 for the nine months ended 30 September 2021 to HK\$25,250,000 for the nine months ended 30 September 2022.

## Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2022 was HK\$23,905,000 compared to HK\$51,046,000 for the nine months ended 30 September 2021. The decrease in profit was mainly due to a decrease in revenue and gross operating profit due to measures implemented for the control of COVID-19 epidemic in the PRC during the nine months ended 30 September 2022.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: nil).

## PROSPECTS

2022 will continue to be a year of uncertainties due to the COVID-19 pandemic. The Group will continue to exercise vigilant cost control to improve productivity and uphold quality service to customers as well as leverage on long-term good relationships with leading automobile suppliers of premium and ultra-luxury brands. The Group endeavours to overcome the hurdles ahead and realize its value to the shareholders and business partners.

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

As at 30 September 2022, the interests or short positions of Directors and the chief executive of the Company 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 5.48 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	Approximate percentage of shareholding
Ma Hang Kon, Louis	Personal interest	500,000	0.10%
Xue Guo Qiang	Personal interest	19,484,000	4.09%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company or their respective associates, had 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 required to be 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 SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, 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:

<u>Name</u>	<u>Capacity</u>	<u>Number of shares held</u>	<u>Approximate percentage of shareholding</u>
Loh Nee Peng	Beneficial owner and interest of a controlled corporation (Note 1)	107,780,320	22.63%
Loh & Loh Construction Group Ltd.	Beneficial owner	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner	32,676,320	6.86%
Galligan Holdings Limited	Beneficial owner	39,700,000	8.34%
Credit Suisse Trust Limited	Interest of a controlled corporation (Note 2)	39,700,000	8.34%

*Notes:*

1. The 107,780,320 shares are held as to 32,676,320 shares by Big Reap Investment Limited, 45,284,000 shares by Loh & Loh Construction Group Ltd as well as 29,820,000 shares directly by Mr. Loh Nee Peng. Big Reap Investment Limited is interested as to 100% by Mr. Loh Nee Peng and Loh & Loh Construction Group Ltd. is interested as to 64% by Mr. Loh Nee Peng. By virtue of Part XV of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd.
2. The 39,700,000 shares are held by Galligan Holdings Limited which is interested as to 100% indirectly held by Credit Suisse Trust Limited. By virtue of the SFO, Credit Suisse Trust Limited is deemed to be interested in the shares held by Galligan Holdings Limited.



Save as disclosed above, as at 30 September 2022, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected to be interested in 5% of more of the nominal value of any class of share capital or carrying rights to vote in all circumstances at general meetings of the Company.

## **DIRECTORS’ AND CHIEF EXECUTIVES’ RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES**

None of the Directors or chief executives of the Company 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 nine months ended 30 September 2022, 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**

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 nine months ended 30 September 2022, no option has been granted under the Share Option Scheme.

## **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 September 2022, the Company’s unaudited consolidated total assets were approximately HK\$1,735,430,000.

	(Unaudited) As at 30 September 2022 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2022 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group <i>(note)</i>	156,610	9.0	165,530	N/A

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

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2022, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as 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 securities transactions by Directors.

## 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 2021.



## AUDIT COMMITTEE

Pursuant to Rule 5.28 and 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. Yuen Kin Pheng, Ms. Guan Xin and Mr. Zhou Ming. Mr. Yuen Kin Pheng 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 2022 third quarterly results and provided comments thereon to the Board.

These unaudited condensed consolidated financial statements have been reviewed and commented by the Audit Committee of the Company and were approved by the Board on 9 November 2022.

## 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 nine months ended 30 September 2022.

## DIRECTORS OF THE COMPANY

As at the date hereof, the executive Directors of the Company are Mr. Choy Choong Yew, Mr. Ma Hang Kon, Louis, Mr. Xue Guo Qiang and Mr. Zhang Xi; the non-executive Director is Mr. Lin Ju Zheng; and the independent non-executive Directors are Mr. Yuen Kin Pheng, Ms. Guan Xin and Mr. Zhou Ming.

By Order of the Board  
G.A. Holdings Limited  
Yuen Kin Pheng  
*Chairman*

Hong Kong, 9 November 2022

\* *For identification purpose only*