



## THIRD QUARTERLY REPORT 2018



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

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

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

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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 G.A. Holdings Limited (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 2018 together with the comparative figures for the nine months ended 30 September 2017, as follows:

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

*For the three months and nine months ended 30 September 2018*

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	2	608,209	553,312	1,610,978	1,474,727
Other income	2	11,177	9,849	28,625	36,175
		619,386	563,161	1,639,603	1,510,902
Changes in inventories		(35,483)	(39,214)	(72,579)	68,669
Auto parts and accessories, and motor vehicles purchased		(496,770)	(433,717)	(1,297,366)	(1,307,586)
Employee benefit expenses		(33,354)	(32,887)	(103,639)	(94,234)
Depreciation and amortisation		(12,818)	(10,835)	(38,526)	(31,930)
Operating lease charges		(4,061)	(5,174)	(12,943)	(13,125)
Exchange differences, net		1,466	1,752	259	3,319
Other expenses		(25,967)	(18,675)	(57,926)	(57,304)
<b>Profit from operations</b>		<b>12,399</b>	<b>24,411</b>	<b>56,883</b>	<b>78,711</b>
Finance costs		(8,769)	(6,499)	(27,201)	(19,423)
<b>Profit before income tax</b>		<b>3,630</b>	<b>17,912</b>	<b>29,682</b>	<b>59,288</b>
Income tax expense	3	(1,664)	(5,539)	(13,077)	(18,341)
<b>Profit for the period</b>		<b>1,966</b>	<b>12,373</b>	<b>16,605</b>	<b>40,947</b>



	Note	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Other comprehensive (expense)/ income, item that may be reclassified subsequently to profit or loss:</b>					
Exchange difference arising from translation of financial statements of foreign operations		(32,536)	10,844	(38,340)	26,101
<b>Total comprehensive (expense)/ income for the period</b>		<b>(30,570)</b>	<b>23,217</b>	<b>(21,735)</b>	<b>67,048</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		1,966	12,373	16,605	39,567
Non-controlling interests		-	-	-	1,380
		<b>1,966</b>	<b>12,373</b>	<b>16,605</b>	<b>40,947</b>
<b>Total comprehensive (expense)/ income for the period attributable to:</b>					
Owners of the Company		(30,570)	23,217	(21,735)	65,325
Non-controlling interests		-	-	-	1,723
		<b>(30,570)</b>	<b>23,217</b>	<b>(21,735)</b>	<b>67,048</b>
<b>Earnings per share</b>		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	4	0.41	2.60	3.49	8.31



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	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	Retained profits HK\$'000	Total equity HK\$'000
For the nine months ended 30 September 2018 (unaudited)								
At 1 January 2018 (audited)	47,630	29,522	8,623	33,102	(10,735)	3,797	499,080	611,019
Adjustment from adoption of HKFRS 9 (note 1(b))	-	-	-	-	-	-	(470)	(470)
Adjusted balance at 1 January 2018	47,630	29,522	8,623	33,102	(10,735)	3,797	498,610	610,549
Profit for the period	-	-	-	-	-	-	16,605	16,605
Other comprehensive expense: Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(38,340)	-	(38,340)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(38,340)	16,605	(21,735)
Transactions with owners: Appropriation to statutory reserve	-	-	-	2,994	-	-	(2,994)	-
Total transactions with owners	-	-	-	2,994	-	-	(2,994)	-
At 30 September 2018	47,630	29,522	8,623	36,096	(10,735)	(34,543)	512,221	588,814

The initial application of HKFRS 9 has led to an adjustment of retained profits of approximately HK\$470,000.

	Attributable to owners of the Company								Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
For the nine months ended 30 September 2017 (unaudited)										
As at 1 January 2017	47,630	29,522	8,623	26,670	-	(30,752)	459,363	541,056	10,582	551,638
Profit for the period	-	-	-	-	-	-	39,567	39,567	1,380	40,947
Other comprehensive income Translation difference	-	-	-	-	-	25,758	-	25,758	343	26,101
Total comprehensive income for the period	-	-	-	-	-	25,758	39,567	65,325	1,723	67,048
Transactions with owners Acquisition of non-controlling interests	-	-	-	-	(10,735)	-	-	(10,735)	(12,305)	(23,040)
Appropriation to statutory reserve	-	-	-	3,970	-	-	(3,970)	-	-	-
Total transactions with owners	-	-	-	3,970	(10,735)	-	(3,970)	(10,735)	(12,305)	(23,040)
As at 30 September 2017	47,630	29,522	8,623	30,640	(10,735)	(4,994)	494,960	595,646	-	595,646



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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 to the consolidated financial statements for the year ended and as at 31 December 2017.

### (b) New and amended HKFRSs adopted as at 1 January 2018

In the current period, the Group has applied for the first time the new and 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 2018.

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results for the current and prior periods have been prepared and presented.



## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

### (b) New and amended HKFRSs adopted as at 1 January 2018 (Continued)

#### *HKFRS 15 “Revenue from Contracts with Customers”*

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as “HKFRS 15”) presents new requirements for the recognition of revenue, replacing HKAS 18 “Revenue”, HKAS 11 “Construction Contracts”, and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

HKFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 January 2018. In accordance with the transition guidance, HKFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of HKFRS 15 has no material impact on the Group’s condensed consolidated statement of profit or loss and other comprehensive income.

#### *HKFRS 9 “Financial instruments”*

HKFRS 9 replaces HKAS 39 “Financial Instruments: Recognition and Measurement”. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an “expected credit loss” model for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits.

The adoption of HKFRS 9 has impacted the following areas:

- for trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.



## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

- (b) New and amended HKFRSs adopted as at 1 January 2018 (Continued)  
*HKFRS 9 "Financial instruments" (Continued)*

The following table summarises the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained profits.

	Impact of adopting HKFRS 9 on opening balance <i>HK\$'000</i>
<b>Retained earnings</b>	
Recognition of expected credit losses under HKFRS 9	(470)
<b>Impact at 1 January 2018</b>	(470)





## 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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>				
Sales of motor vehicles	412,748	414,188	1,090,006	1,065,521
Servicing of motor vehicles and sales of auto parts	185,825	130,372	493,222	384,908
Technical fee income	2,531	1,876	6,067	5,192
Car rental income	7,105	6,876	21,683	19,106
	<b>608,209</b>	<b>553,312</b>	<b>1,610,978</b>	<b>1,474,727</b>
<b>Other income</b>				
Bank interest income	235	281	760	1,042
Commission income	3,958	3,733	8,822	15,665
Consultant service income	4,458	3,209	11,011	11,479
Financial guarantee income	109	1,022	343	2,539
Gain on disposal of property, plant and equipment	870	250	3,111	1,886
Reversal of impairment loss on trade receivables	–	198	–	538
Sundry income	1,547	1,156	4,578	3,026
	<b>11,177</b>	<b>9,849</b>	<b>28,625</b>	<b>36,175</b>



### 3. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Current – Hong Kong</b>				
Charge for the period	–	–	–	–
Over – provision in prior years	–	(20)	–	(20)
<b>Current – Overseas</b>				
Charge for the period	1,863	5,762	13,700	18,965
<b>Current tax – total</b>	<b>1,863</b>	<b>5,742</b>	<b>13,700</b>	<b>18,945</b>
<b>Deferred tax</b>	<b>(199)</b>	<b>(203)</b>	<b>(623)</b>	<b>(604)</b>
<b>Total income tax expense</b>	<b>1,664</b>	<b>5,539</b>	<b>13,077</b>	<b>18,341</b>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. Hong Kong profits tax has not been provided for the nine months ended 30 September 2018 and 2017 as the Group has no assessable profits for the period.

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% (2017: 25%).

The income tax in respect of operations in Singapore is calculated at the rate of 17% (2017: 17%) on the estimated assessable profits for the period.



#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2018 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 September 2018 of HK\$1,966,000 (three months ended 30 September 2017: HK\$12,373,000) and on the weighted average number of 476,300,000 (three months ended 30 September 2017: 476,300,000) ordinary shares in issue during the three months ended 30 September 2018.

The calculation of basic earnings per share for the nine months ended 30 September 2018 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2018 of HK\$16,605,000 (nine months ended 30 September 2017: HK\$39,567,000) and on the weighted average number of 476,300,000 (nine months ended 30 September 2017: 476,300,000) ordinary shares in issue during nine months ended 30 September 2018.

Diluted earnings per share for the three months and nine months ended 30 September 2018 and 2017 are the same as the basic 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 2018, the Group continues to provide excellent customer-oriented services and improved customer experience at our automobile dealer shops. Revenue has grown by 9.2% to HK\$1,610,978,000 compared with HK\$1,474,727,000 in the corresponding period in 2017. Profit for the nine-months ended 30 September 2018 was HK\$16,605,000, compared to HK\$40,947,000 in corresponding period in 2017. This was mainly resulted from decrease in commission income as well as higher operating costs, legal & professional fee and finance cost.

## FINANCIAL REVIEW

### Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2018 increased by 9.2%, from HK\$1,474,727,000 in the corresponding period in 2017 to HK\$1,610,978,000 in the current period. The increase was attributable to the increase in sales across the board including in sales of motor vehicles, servicing of motor vehicles and sales of auto parts and increase in revenue from the car rental business.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2018, sales of motor vehicles increased by 2.3% to HK\$1,090,006,000 from HK\$1,065,521,000 in the corresponding period in 2017. The increase was attributable to the effective promotion activities during the nine months ended 30 September 2018.

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

Revenue generated from servicing of motor vehicles and sales of auto parts increased by 28.1% to HK\$493,222,000 compared to the corresponding period in 2017. The increase was driven by the increase in number of servicing of motor vehicles orders in the Fuzhou area and increase in sales of car accessories.



### 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 2018 was HK\$6,067,000, increased by 16.9% as compared to the corresponding period in 2017.

### 4. Car rental business

The income from car rental business in Hong Kong for the nine months ended 30 September 2018 was HK\$21,683,000 representing an increase of 13.5% compared to the corresponding period in 2017. This was mainly due to the increase in number of long-term rental orders.

## 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 2018 increased by 2.2% to HK\$241,033,000, as compared to HK\$235,810,000 in the corresponding period in 2017.

The gross operating margin for the nine months ended 30 September 2018 was 15.0%, as compared to 16.0% for the nine months ended 30 September 2017. The decrease in gross operating margin was mainly due to decrease in sales of ultra luxury automobiles market resulted in decrease of gross operating margin.

## Other Income

Other income decreased from HK\$36,175,000 in the corresponding period in 2017 to HK\$28,625,000 for the nine months ended 30 September 2018 mainly due to the decline in commission income resulting from intensified competition.



### **Employee Benefit Expenses**

The Group recorded employee benefit expenses of HK\$103,639,000 for the nine months ended 30 September 2018, representing a 10.0% increase as compared to HK\$94,234,000 in the corresponding period in 2017. This was driven by the increase in sales incentive to motivate the sales force as well as general increase in staff salary and the number of staff in the Group.

### **Operating Lease Charges**

The operating lease charges for the nine months ended 30 September 2018 decreased slightly by 1.4% from HK\$13,125,000 in the corresponding period in 2017 to HK\$12,943,000 in 2018.

### **Foreign Exchange Exposure**

For the nine months ended 30 September 2018, there was an exchange gain of HK\$259,000 (2017: HK\$3,319,000), which resulted from the translation of receivables or payables which denominated in foreign currencies other than the functional currencies of the group companies.

### **Other Expenses**

For the nine months ended 30 September 2018, other expenses were HK\$57,926,000, representing an increase of 1.1% compared to HK\$57,304,000 in the corresponding period in 2017. The increase was due to increase in legal and professional fee for the Company's application for the transfer to Main Board of the Stock Exchange offset by a decrease in marketing and promotion expenses.

### **Finance Costs**

Finance costs increased from HK\$19,423,000 for the nine months ended 30 September 2017 to HK\$27,201,000 for the current period due to increased borrowings since the second half of 2017.

### **Profit Attributable to Owners of the Company**

The profit attributable to owners of the Company for the nine months ended 30 September 2018 was HK\$16,605,000 while HK\$39,567,000 was recorded in the corresponding period in 2017. The decrease was mainly due to (i) decrease in other income; (ii) increase in employee benefit expenses; (iii) increase in other operating expenses; offset by (iv) the increase in gross operating margin.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: Nil).

## PROSPECTS

As the largest automobile market in the world, China continues to offer various opportunities. There is still a huge growth potential for the market given relatively lower vehicle parc density compared to Americas. The market also continues to mature with increasing competition and more rational customers. The growing middle class in China continues to favour high-end and luxury brands in their choice of cars. Sales is expected to improve year-on-year with expanding product portfolio offered by the manufacturers covering a wide price range to cater for consumer needs.

With long-term good relationships with leading automobile suppliers of premium and ultra-luxury brands and as more new models from our major suppliers will be unveiled in coming months, the Group is confident to further improve its revenue through effective marketing on the new models and related value-added services. In addition, the Group will exert a greater control over operating cost to bring value to its stakeholders in the long run.

Looking forward, the Company will continue to build on its solid foundation, with focus on high-end and luxury brands of automobiles and quality services from car sales to all facets of after-sales services.



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

As at 30 September 2018, 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 5.48 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
Luo Wan Ju	Personal interest	8,000,000	1.68%
Ma Hang Kon, Louis	Personal interest	500,000	0.10%
Xue Guo Qiang	Personal interest	13,292,000	2.79%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at 30 September 2018, 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 SUBSTANTIAL SHAREHOLDERS

As at 30 September 2018, 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	Beneficial owner and interest of a controlled corporation ( <i>Note 1</i> )	92,716,320	19.47%
Chan Hing Ka Anthony	Interest of a controlled corporation ( <i>Note 2</i> )	36,672,033	7.70%
Tycoons Investment International Limited	Beneficial owner	36,672,033	7.70%
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 ( <i>Note 3</i> )	39,700,000	8.34%

*Notes:*

1. The 92,716,320 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 14,756,000 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 36,672,033 shares are held by Tycoons Investment International Limited which is interested as to 100% by Mr. Chan Hing Ka Anthony. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the shares held by Tycoons Investment International Limited.
3. 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 2018, 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' 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 2018, none of the Directors or the controlling shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

## **SHARE OPTION SCHEME**

During the nine months ended 30 September 2018, no option has been granted under the share option scheme adopted by the Company on 10 October 2014 (2017: 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 September 2018, the Company's total assets were approximately HK\$1,778,541,000.

	(Unaudited)		(Unaudited)	
	As at		As at	Increment as
	30 September	Assets Ratio	30 June 2018	compared to
	2018		2018	Assets Ratio
	HK\$'000	(%)	HK\$'000	(%)
Guarantees to Zhong Bao Group ( <i>note</i> )	157,904	8.8	164,854	N/A

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

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2018, the Company had adopted a code of conduct regarding Directors' securities transactions 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 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 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 2017.



## 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. Zhou Ming, Mr. Yuen Kin Pheng, Mr. Yin Bin and Ms. Guan Xin. 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 advice and comments thereon to the Board. The Audit Committee has reviewed the 2018 third quarterly results and provided comments.

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 7 November 2018.

## PROPOSED TRANSFER OF LISTING

The Company submitted a formal application to the Stock Exchange on 18 September 2018 for the proposed transfer of listing of the shares from the GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A and relevant provisions of the GEM Listing Rules. Shareholders and potential investors should be aware that the implementation of the proposed transfer of listing is subject to, among others, the fulfillment of all the conditions for the transfer of listing as set out in the Company's announcement "Proposed transfer of the listing of the shares from GEM to the Main Board of The Stock Exchange of Hong Kong Limited" dated 18 September 2018. Accordingly, there is no assurance that permission will be obtained from the Stock Exchange for the proposed transfer of listing.

## 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 2018.



## DIRECTORS OF THE COMPANY

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

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

Hong Kong, 7 November 2018

\* *For identification purpose only*