



# 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  
2019

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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 2019 together with the comparative figures for the nine months ended 30 September 2018, as follows:

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

*For the three months and nine months ended 30 September 2019*

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	2	568,310	608,209	1,622,216	1,610,978
Other income	2	9,508	11,177	33,367	28,625
		577,818	619,386	1,655,583	1,639,603
Changes in inventories Auto parts and accessories, and motor vehicles purchased		(37,794)	(35,483)	(15,502)	(72,579)
Employee benefit expenses		(442,571)	(496,770)	(1,362,726)	(1,297,366)
Depreciation and amortisation		(31,582)	(33,354)	(100,775)	(103,639)
Operating lease charges		(15,799)	(12,818)	(46,410)	(38,526)
Exchange differences, net		(1,164)	(4,061)	(4,346)	(12,943)
Other expenses		(1,637)	1,466	(2,120)	259
		(18,859)	(25,967)	(49,719)	(57,926)
<b>Profit from operations</b>		<b>28,412</b>	<b>12,399</b>	<b>73,985</b>	<b>56,883</b>
Finance costs		(8,449)	(8,769)	(27,204)	(27,201)
<b>Profit before income tax</b>		<b>19,963</b>	<b>3,630</b>	<b>46,781</b>	<b>29,682</b>
Income tax expense	3	(7,152)	(1,664)	(19,878)	(13,077)
<b>Profit for the period</b>		<b>12,811</b>	<b>1,966</b>	<b>26,903</b>	<b>16,605</b>

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

	Note	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Other comprehensive expense, Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of financial statements of foreign operations		(15,593)	(32,536)	(17,825)	(38,340)
<b>Total comprehensive (expense)/ income for the period</b>		<b>(2,782)</b>	<b>(30,570)</b>	<b>9,078</b>	<b>(21,735)</b>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
Basic and diluted	4	2.69	0.41	5.65	3.49



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	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 2019 (unaudited)								
At 1 January 2019 (audited)	47,630	29,522	8,623	39,499	(10,735)	(26,527)	514,200	602,212
Profit for the period	-	-	-	-	-	-	26,903	26,903
Other comprehensive expense: Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(17,825)	-	(17,825)
Total comprehensive (expense)/ income for the period	-	-	-	-	-	(17,825)	26,903	9,078
Transactions with owners: Appropriation to statutory reserve	-	-	-	5,946	-	-	(5,946)	-
Total transactions with owners	-	-	-	5,946	-	(17,825)	20,957	9,078
At 30 September 2019	47,630	29,522	8,623	45,445	(10,735)	(44,352)	535,157	611,290

	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	-	-	-	-	-	-	(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

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 2018.

### (b) New and amended HKFRSs adopted as at 1 January 2019

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 2019.

Other than the impact of the adoption of HKFRS 16 as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position 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 2019 (Continued)

#### *HKFRS 16 “Lease”*

HKFRS 16 “Leases” replaces HKAS 17 “Leases” along with three Interpretations (HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC) Int-15 “Operating Leases-Incentives” and HK(SIC) Int-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4. The Group has already recognised the prepaid lease payments for leasehold land with land use right in the People’s Republic of China (the “PRC”) and prepaid expenses using certain motor vehicle showroom, service centres and related facilities located at Beijing for a period of 10 years where the Group is a lessee. The application of HKFRS 16 does not have impact on these assets except for presenting them as “right-of-use assets” under non-current assets.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial applications of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under HKAS 17 immediately before the date of initial application.

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

### (b) New and amended HKFRSs adopted as at 1 January 2019 (Continued)

#### *HKFRS 16 “Lease” (Continued)*

On transition to HKFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was approximately 5%.

### (c) Issued but not yet effective HKFRSs

The Group has not applied any new and amended HKFRSs that have been published by the HKICPA but are not yet effective for the current accounting period.

### (d) Significant accounting policies

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2019 has been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the year ended 31 December 2018, except for the effects of applying HKFRS 16.

#### *HKFRS 16 “Lease”*

As described in note 1(b), the Group has applied HKFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under HKAS 17 and HK(IFRIC)-Int 4.

#### *Accounting policy applicable from 1 January 2019*

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.



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

### (d) Significant accounting policies (Continued)

#### *HKFRS 16 “Lease” (Continued)*

#### *Accounting policy applicable from 1 January 2019 (Continued)*

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

(d) Significant accounting policies (Continued)

*HKFRS 16 “Lease” (Continued)*

*Accounting policy applicable from 1 January 2019 (Continued)*

Measurement and recognition of leases as a lessee (Continued)

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise small items of office equipment.

The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its motor vehicles. Rental income is recognised on a straight-line basis over the term of lease.



## 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	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Revenue</b>				
Sales of motor vehicles	372,105	412,748	1,069,562	1,090,006
Servicing of motor vehicles and sales of auto parts	186,066	185,825	523,188	493,222
Technical fee income	2,461	2,531	7,259	6,067
Car rental income	7,678	7,105	22,207	21,683
	<b>568,310</b>	<b>608,209</b>	<b>1,622,216</b>	<b>1,610,978</b>
<b>Other income</b>				
Bank interest income	162	235	1,002	760
Commission income	4,609	3,958	15,212	8,822
Consultant service income	3,658	4,458	11,628	11,011
Financial guarantee income	106	109	327	343
Gain on disposal of property, plant and equipment	396	870	2,603	3,111
Sundry income	577	1,547	2,595	4,578
	<b>9,508</b>	<b>11,177</b>	<b>33,367</b>	<b>28,625</b>

### 3. INCOME TAX EXPENSE

The income tax expense is comprised of:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Current – Overseas</b>				
Charge for the period	7,336	1,863	20,463	13,700
<b>Current tax – total</b>	7,336	1,863	20,463	13,700
<b>Deferred tax</b>	(184)	(199)	(585)	(623)
<b>Total income tax expense</b>	7,152	1,664	19,878	13,077

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 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million 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 2019 and 2018 as the Group has no assessable profits for the period.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rate of tax prevailing in the countries in which the Group operates.

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the period based on the unification of the income tax rates for domestic-invested and foreign invested enterprises at 25% (2018: 25%).

Income tax in respect of operations in Singapore has not been provided for the nine months ended 30 September 2019 and 2018 as the Company’s Singapore subsidiary has no assessable profits for the periods.



#### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2019 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 September 2019 of HK\$12,811,000 (three months ended 30 September 2018: HK\$1,966,000) and on the weighted average number of 476,300,000 (three months ended 30 September 2018: 476,300,000) ordinary shares in issue during the three months ended 30 September 2019.

The calculation of basic earnings per share for the nine months ended 30 September 2019 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2019 of HK\$26,903,000 (nine months ended 30 September 2018: HK\$16,605,000) and on the weighted average number of 476,300,000 (nine months ended 30 September 2018: 476,300,000) ordinary shares in issue during nine months ended 30 September 2019.

Diluted earnings per share for the three months and nine months ended 30 September 2019 and 2018 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 2019, the Group continues to provide excellent customer-oriented services and improved customer experience at our automobile dealer shops. Revenue has grown by 0.7% to HK\$1,622,216,000 compared with HK\$1,610,978,000 in the corresponding period in 2018. Profit for the nine-months ended 30 September 2019 was HK\$26,903,000, an increase of 62.0% compared to HK\$16,605,000 in the corresponding period in 2018. This was mainly resulted from (i) increase in gross operating profit and commission income; and (ii) effective cost control reflected in operating expenses.

## FINANCIAL REVIEW

### Revenue

The unaudited consolidated revenue for the nine months ended 30 September 2019 increased slightly by 0.7%, from HK\$1,610,978,000 in the corresponding period in 2018 to HK\$1,622,216,000 in the current period.

#### 1. Sales of motor vehicles

For the nine months ended 30 September 2019, sales of motor vehicles decreased slightly by 1.9% to HK\$1,069,562,000, compared to HK\$1,090,006,000 in the corresponding period in 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 6.1% to HK\$523,188,000 compared to the corresponding period in 2018. The increase was driven by (i) increase in number of servicing of motor vehicles orders in the Fuzhou and Xiamen area; (ii) increase in sale of car accessories; and (iii) startup of a new branch of our repair workshop in Xiamen.



### 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 2019 was HK\$7,259,000, increased By 19.6% as compared to the corresponding period in 2018 as car manufacturers continue to localize their production in the PRC and more PRC locally assembled BMW motor vehicles were sold by Xiamen Zhong Bao in 2019.

### 4. Car rental business

The income from car rental business in Hong Kong for the nine months ended 30 September 2019 was HK\$22,207,000 representing a slight increase of 2.4% compared to the corresponding period in 2018.

## 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 2019 increased slightly by 1.2% to HK\$243,988,000, as compared to HK\$241,033,000 in the corresponding period in 2018.

The gross operating margin was stable at approximately 15.0% for the nine months ended 30 September 2019 and for the nine months ended 30 September 2018.

## Other Income

Other income increased from HK\$28,625,000 in the corresponding period in 2018 to HK\$33,367,000 for the nine months ended 30 September 2019 mainly due to increase in commission income during the period.

### **Employee Benefit Expenses**

The Group recorded employee benefit expenses of HK\$100,775,000 for the nine months ended 30 September 2019, representing a 2.8% decrease as compared to HK\$103,639,000 in the corresponding period in 2018. This was mainly due to decrease in staff bonus for the nine months ended 30 September 2019 compared to corresponding period in 2018.

### **Depreciation and amortisation**

Depreciation and amortisation expenses increased from HK\$38,526,000 for the nine months ended 30 September 2018 to HK\$46,410,000 for the nine months ended 30 September 2019. This was mainly due to the adoption of new HKFRS 16 during the period 2019 as described in note 1(b) to the unaudited condensed consolidated financial statements. By adopting the new HKFRS 16, the rental expenses previously recognised under “operating lease charges” are now recognised as right-of-use assets and amortised over their lease-terms under the category of “depreciation and amortisation”.

### **Operating Lease Charges**

Operating lease charges decreased from HK\$12,943,000 for the nine months ended 30 September 2018 to HK\$4,346,000 for the nine months ended 30 September 2019. The decrease was mainly due to the adoption of new HKFRS 16 during the period in 2019. By adopting the new HKFRS 16, the rental expenses previously recognised under “operating lease charges” are now recognised as right-of-use assets and amortise over their lease-terms under the category of “depreciation and amortisation”.

### **Foreign Exchange Exposure**

For the nine months ended 30 September 2019, there was an exchange loss of approximately HK\$2,120,000 (2018: exchange gain of approximately HK\$259,000), which resulted from the translation of receivables and payables which are denominated in foreign currencies other than the functional currencies of the group companies.

### **Other Expenses**

For the nine months ended 30 September 2019, other expenses were HK\$49,719,000, representing a decrease of 14.2% compared to HK\$57,926,000, in the corresponding period in 2018. The decrease was mainly due to effective cost control in other operating expenses.



## **Finance Costs**

Finance costs remained stable at approximately HK\$27,204,000 for the nine months ended 30 September 2019 compared to approximately HK\$27,201,000 in the corresponding period in 2018.

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

The profit attributable to owners of the Company for the nine months ended 30 September 2019 was increased to HK\$26,903,000 compared to HK\$16,605,000 in the corresponding period in 2018. The increase was mainly due to (i) increase in gross operating profit and commission income; and (ii) effective cost control reflected in operating expenses.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil).

## **PROSPECTS**

Looking ahead, the continued macroeconomic downturn and uncertainty of Sino US trade conflicts will continue to affect the automobile market. To cope with the impact, the Group will continue to exercise vigilant cost control to improve productivity and upload quality service to customers. With long-term good relationship with leading automobile supplier of premium brands, the Group is well confident to further improve its profitability while capitalizing on the steady growth of the automobile industry in the PRC and bring value to its stakeholders in the long run.

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

As at 30 September 2019, 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	14,852,000	3.12%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at 30 September 2019, 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 2019, 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> )	95,300,320	20.01%
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 2</i> )	39,700,000	8.34%

### Notes:

1. The 95,300,320 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 17,340,000 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 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 2019, 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 2019, 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 2019, 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 2019, the Company’s total assets were approximately HK\$1,571,946,000.

	(Unaudited) As at 30 September 2019 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2019 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group ( <i>note</i> )	154,151	9.8	158,043	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 2019, 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 2018.



## 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 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 2019 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 2019.

## PROPOSED TRANSFER OF LISTING

The Company submitted a formal application to the Stock Exchange on 25 October 2019 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 listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited" dated 25 October 2019. 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 2019.



## 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 and Ms. Guan Xin.

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

Hong Kong, 7 November 2019

\* *For identification purpose only*