



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)

2021 Third Quarterly Report





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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

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 2021 together with the comparative figures for the nine months ended 30 September 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	2	592,846	636,935	2,006,341	1,605,315
Other income	2	12,135	10,030	35,508	30,032
		604,981	646,965	2,041,849	1,635,347
Changes in inventories		24,464	(10,146)	23,880	(37,993)
Auto parts and accessories, and motor vehicles purchased		(537,813)	(553,261)	(1,759,641)	(1,352,551)
Employee benefit expenses		(33,769)	(27,602)	(99,127)	(84,538)
Depreciation and amortisation		(15,160)	(14,227)	(45,797)	(43,453)
Operating lease charges		(1,734)	(1,271)	(4,355)	(3,756)
Exchange differences, net		(534)	1,368	(1,220)	273
Expected credit losses (“ECL”) allowance on trade and other receivables		-	-	(2,535)	(4,000)
Other expenses		(26,408)	(14,295)	(55,472)	(34,704)
Profit from operations		14,027	27,531	97,582	74,625
Finance costs		(8,246)	(7,819)	(25,619)	(25,349)
Profit before income tax		5,781	19,712	71,963	49,276
Income tax expense	3	(1,109)	(8,181)	(20,917)	(18,476)
Profit for the period		4,672	11,531	51,046	30,800



	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 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		(3,375)	28,009	5,417	12,493
Total comprehensive income for the period		1,297	39,540	56,463	43,293
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
Basic and diluted	4	0.98	2.42	10.72	6.47

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company							Fair value reserve – non- recycling HK\$'000	Retained profits 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				
For the nine months ended 30 September 2021 (unaudited)										
At 1 January 2021 (audited)	47,630	29,522	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	29,522	8,623	62,962	(10,735)	19,083	2,502	621,508	781,095	



	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 2020 (unaudited)								
At 1 January 2020 (audited)	47,630	29,522	8,623	47,008	(10,735)	(34,412)	533,570	621,206
Profit for the period	-	-	-	-	-	-	30,800	30,800
Other comprehensive income:								
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	12,493	-	12,493
Total comprehensive income for the period	-	-	-	-	-	12,493	30,800	43,293
Transactions with owners:								
Appropriation to statutory reserve	-	-	-	6,380	-	-	(6,380)	-
Forfeiture of unclaimed dividend	-	-	-	-	-	-	35	35
Total transactions with owners	-	-	-	6,380	-	-	(6,345)	35
At 30 September 2020	47,630	29,522	8,623	53,388	(10,735)	(21,919)	558,025	664,534



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 2020.

(b) Amended HKFRSs adopted as at 1 January 2021

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 2021.

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16



1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(b) Amended HKFRSs adopted as at 1 January 2021 (Continued)

The above amendments (“Phase 2 Amendments”) provide practical relief from certain requirements in HKFRSs. These reliefs relate to modifications of financial assets and financial liabilities (measured at amortised costs) and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark risk-free rate.

The Group initially applied Phase 2 Amendments on 1 January 2021 and applied the amendments retrospectively. However, in accordance with the exceptions permitted in Phase 2 Amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020.

Impact on measurement of financial assets and financial liabilities

For changes in the basis for determining the contractual cash flows of financial assets and financial liabilities which are measured at amortised cost as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes such that it will not derecognize the carrying amounts of financial assets and financial liabilities and recognise an immediate gain or loss for changes solely arising from the interest rate benchmark reform, but will instead revise the effective interest rates of the financial assets and financial liabilities. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the interest rate benchmark reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change).

The amendments do not have material impacts on the consolidated financial result and consolidated financial position as at 1 January 2021 and during the current period.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(c) Issued but not effective HKFRSs

As at 30 September 2021, certain new and amended HKFRS have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

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.



1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(c) Issued but not effective HKFRSs (Continued)

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 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. 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.

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 other material impact on the Group’s results and financial position.

2. REVENUE AND OTHER INCOME

The Group recognised revenue by category as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sales of motor vehicles	421,611	463,666	1,475,017	1,144,722
Servicing of motor vehicles and sales of auto parts	162,313	162,828	501,718	430,442
Technical fee income	2,206	2,984	7,983	6,641
Car rental income	6,716	7,457	21,623	23,510
	592,846	636,935	2,006,341	1,605,315
Other income				
Bank interest income	165	187	1,187	1,001
Commission income	707	2,831	3,640	8,201
Consultant service income	7,518	4,387	23,173	12,325
Financial guarantee income	323	55	442	165
Government grants related to cash subsidies *	807	1,153	1,012	1,864
Net gain on disposal of property, plant and equipment and right of use assets	1,786	712	3,271	3,643
Gain on termination of lease	-	4	-	600
Sundry income	829	701	2,783	2,233
	12,135	10,030	35,508	30,032

* 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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current – Overseas				
Charge for the period	1,317	8,376	21,540	19,052
Current tax – total	1,317	8,376	21,540	19,052
Deferred tax	(208)	(195)	(623)	(576)
Total income tax expense	1,109	8,181	20,917	18,476

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2021 and 2020 is calculated at 16.5% of the estimated assessable profits for the periods. Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the periods.

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 2020: 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 2020: 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 2020: 5%).

Income tax in respect of operations in Singapore has not been provided for the nine months ended 30 September 2021 and 2020 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 2021 is based on the unaudited profit attributable to the owners of the Company for the three months ended 30 September 2021 of HK\$4,672,000 (three months ended 30 September 2020: HK\$11,531,000) and on the weighted average number of 476,300,000 ordinary shares in issue during the three months ended 30 September 2021 (three months ended 30 September 2020: 476,300,000).

The calculation of basic earnings per share for the nine months ended 30 September 2021 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 30 September 2021 of HK\$51,046,000 (nine months ended 30 September 2020: HK\$30,800,000) and on the weighted average number of 476,300,000 ordinary shares in issue during nine months ended 30 September 2021 (three months ended 30 September 2020: 476,300,000).

Diluted earnings per share for the three months and nine months ended 30 September 2021 and 2020 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 2021, the PRC economy continues to recover from the impact of COVID-19. However, car sales in the third quarter declined amid the semiconductor shortage that is affecting automotive production worldwide. It is expected the supply of automobiles will continue to be tight in the fourth quarter going into 2022 due to the chip shortage.

The Group will continue to provide excellent customer-oriented services and improve customer experience at our automobile dealer shops.

FINANCIAL REVIEW

Revenue

Compared to a lower base of revenue for the nine months ended 30 September 2020 which was severely affected by the COVID-19 pandemic, the unaudited consolidated revenue for the nine months ended 30 September 2021 increased by 25.0% from HK\$1,605,315,000 for the nine months ended 30 September 2020 to HK\$2,006,341,000 for the nine months ended 30 September 2021.

1. Sales of motor vehicles

For the nine months ended 30 September 2021, revenue from the sales of motor vehicles increased by 28.9% to HK\$1,475,017,000 from HK\$1,144,722,000 in the corresponding period in 2020 mainly due to the above-mentioned reason.

2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts increased by 16.6% from HK\$430,442,000 for the nine months ended 30 September 2020 to HK\$501,718,000 for the nine months ended 30 September 2021 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 2021 was HK\$7,983,000, increased by 20.2% as compared to the corresponding period in 2020 since there was an increase in the number of PRC locally assembled BMW sold by Xiamen Zhong Bao.



4. Car rental business

The income from the car rental business in Hong Kong for the nine months ended 30 September 2021 was HK\$21,623,000, representing a decrease of 8.0% compared to the corresponding period in 2020. This was mainly due to a 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 2021 increased by 26.0% from HK\$214,771,000 in the corresponding period in 2020 to HK\$270,580,000 in the current period. This is in line with the increase in revenue during the period.

The gross operating margin for the nine months ended 30 September 2021 and the nine months ended 30 September 2020 remained stable at 13.5% and 13.4% respectively.

Other Income

Other income increased from HK\$30,032,000 in the corresponding period in 2020 to HK\$35,508,000 for the nine months ended 30 September 2021 mainly due to an increase in consultant service income resulting from a substantial increase in sales of motor vehicles offset by a decrease in commission income during the period.

Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$99,127,000 for the nine months ended 30 September 2021, representing a 17.3% increase as compared to HK\$84,538,000 in the corresponding period in 2020. The increase was mainly due to an increase in staff commission expenses in view of improved gross operating profit during the period.



Depreciation and amortisation

Depreciation and amortisation expenses increased by 5.4% from HK\$43,453,000 for the nine months ended 30 September 2020 to HK\$45,797,000 for the nine months ended 30 September 2021. The increase was mainly due to the appreciation of RMB during the nine months ended 30 September 2021 compared to corresponding period in 2020.

Foreign Exchange Exposure

During the nine months ended 30 September 2021, the Group recorded exchange loss of HK\$1,220,000 (2020: exchange gain of approximately HK\$273,000), which was mainly resulted from the translation of receivables or payables denominated in foreign currencies other than the functional currency of the Group.

Other Expenses

For the nine months ended 30 September 2021, other expenses were HK\$55,472,000, representing an increase of 59.8% compared to HK\$34,704,000 in the corresponding period in 2020. The increase 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 for the period ended 30 September 2020; and (ii) the general cost savings during the temporary closure of our 4S shops, repair centres and offices in early 2020 due to the outbreak of the COVID-19 pandemic.

Finance Costs

Finance costs increased slightly from HK\$25,349,000 for the nine months ended 30 September 2020 to HK\$25,619,000 for the nine months ended 30 September 2021.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the nine months ended 30 September 2021 was HK\$51,046,000 compared to HK\$30,800,000 for the nine months ended 30 September 2020. The increase was mainly due to the outbreak of COVID-19 which adversely affected the business of the Group in both the PRC and Hong Kong in early 2020.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

PROSPECTS

2021 will continue to be a year of uncertainties due to the COVID-19 pandemic, geopolitical conflicts as well as the supply disruption caused by the global shortage of automobile chips. 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 2021, 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	19,484,000	4.09%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at 30 September 2021, 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 2021, 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 (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:

- 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.

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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 2021, 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 2021, 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 2021, 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 2021, the Company’s unaudited consolidated total assets were approximately HK\$1,865,095,000.

	(Unaudited) As at 30 September 2021 HK\$'000	Assets Ratio (%)	(Unaudited) As at 30 June 2021 HK\$'000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group <i>(note)</i>	169,920	9.1	110,584	2.5

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 2021, 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 2020.



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 2021 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 2021.

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 2021.

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, 9 November 2021

* *For identification purpose only*