



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)

2024 INTERIM 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 G.A. Holdings Limited is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding periods in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024

		(Unaudited)	
		Six months ended 30 June	
	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	843,020	1,018,386
Other income	3	57,611	44,170
		900,631	1,062,556
Changes in inventories		15,995	(35,725)
Auto parts and accessories, and motor vehicles purchased		(794,759)	(876,607)
Employee benefit expenses		(57,810)	(65,898)
Depreciation and amortisation		(27,637)	(28,644)
Lease charges		(1,741)	(2,596)
Exchange differences, net		(942)	(1,459)
Provision of Expected Credit Losses (“ECL”) allowance on trade and other receivables		(3,664)	–
Other expenses	4	(27,080)	(30,235)



		(Unaudited)	
		Six months ended 30 June	
	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit from operations		2,993	21,392
Finance costs	5	(20,192)	(19,766)
(Loss)/Profit before income tax	5	(17,199)	1,626
Income tax expense	6	(1,029)	(5,410)
Loss for the period		(18,228)	(3,784)
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		(4,727)	(22,955)
Total comprehensive expenses for the period		(22,955)	(26,739)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic and diluted	8	(3.83)	(0.79)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

		(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	250,143	264,390
Intangible asset		5,480	6,624
Prepaid expenses		11,809	12,144
Right-of-use assets	9	151,723	159,928
Goodwill		6,186	6,231
Financial asset at fair value through other comprehensive income	10	10,764	10,843
Deposits for acquisition of property, plant and equipment		1,475	1,486
Deferred tax assets		5,047	4,131
		442,627	465,777
Current assets			
Inventories		146,676	130,681
Trade receivables	11	114,408	104,688
Prepayments, deposits and other receivables	12	989,535	879,343
Tax recoverable		3,518	2,887
Pledged deposits		106,982	112,774
Cash and bank balances		34,978	62,736
		1,396,097	1,293,109



	Notes	(Unaudited) As at 30 June 2024 HK\$'000	(Audited) As at 31 December 2023 HK\$'000
Current liabilities			
Trade payables	13	26,097	48,465
Lease liabilities		8,454	8,441
Contract liabilities	14	62,311	41,221
Accruals and other payables		64,561	55,200
Bills payables	13	103,975	131,056
Borrowings		696,509	562,549
Tax payable		6,683	6,663
		968,590	853,595
Net current assets		427,507	439,514
Total assets less current liabilities		870,134	905,291
Non-current liabilities			
Borrowings		19,331	26,753
Lease liabilities		97,218	101,562
Deferred tax liabilities		10,527	10,963
		127,076	139,278
Net assets		743,058	766,013
EQUITY			
Share capital		47,630	47,630
Reserves		695,428	718,383
Total equity		743,058	766,013



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	Attributable to owners of the Company								
	Share capital	Share premium [†]	Capital reserve [†]	Statutory reserve [†]	Other reserve [†]	Translation reserve [†]	Fair value		Total equity
							reserve- non-recycling [†]	Retained profits [†]	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the six months ended 30 June 2024 (unaudited)									
At 1 January 2024 (audited)	47,630	29,522	8,623	73,068	(10,735)	(41,115)	3,049	655,971	766,013
Loss for the period	-	-	-	-	-	-	-	(18,228)	(18,228)
Other comprehensive expenses:									
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(4,727)	-	-	(4,727)
Total comprehensive expenses for the period	-	-	-	-	-	(4,727)	-	(18,228)	(22,955)
Transactions with owners:									
Appropriation to statutory reserve	-	-	-	636	-	-	-	(636)	-
Total transactions with owners	-	-	-	636	-	-	-	(636)	-
At 30 June 2024	47,630	29,522	8,623	73,704	(10,735)	(45,842)	3,049	637,107	743,058



	Attributable to owners of the Company								
	Share capital	Share premium*	Capital reserve*	Statutory reserve*	Other reserve*	Translation reserve*	Fair value reserve- non-recycling*	Retained profits*	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the six months ended 30 June 2023 (unaudited)									
At 1 January 2023 (audited)	47,630	29,522	8,623	69,227	(10,735)	(30,311)	298	655,734	769,988
Loss for the period	-	-	-	-	-	-	-	(3,784)	(3,784)
Other comprehensive expenses:									
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(22,955)	-	-	(22,955)
Total comprehensive expenses for the period	-	-	-	-	-	(22,955)	-	(3,784)	(26,739)
Transactions with owners:									
Appropriation to statutory reserve	-	-	-	1,536	-	-	-	(1,536)	-
Total transactions with owners	-	-	-	1,536	-	-	-	(1,536)	-
At 30 June 2023	47,630	29,522	8,623	70,763	(10,735)	(53,266)	298	650,414	743,249

* These equity accounts comprise the reserves of HK\$695,428,000 (31 December 2023: HK\$718,383,000) in the condensed consolidated statement of financial position as at 30 June 2024.

The notes on pages 9 to 35 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/from operating activities	(157,221)	27,048
Cash flows from investing activities		
Purchase of property, plant and equipment and right-of-use assets	(11,080)	(12,265)
Proceeds from disposal of property, plant and equipment and right-of-use assets	7,935	6,794
Decrease in pledged deposits	5,792	25,247
Deposits for acquisition of property, plant and equipment	-	(2,201)
Net cash from investing activities	2,647	17,575
Cash flows from financing activities		
New borrowings raised	830,635	432,842
Repayment of borrowings	(699,996)	(482,459)
Payment of lease liabilities	(7,331)	(12,524)
Net cash from/(used in) financing activities	123,308	(62,141)
Net decrease in cash and cash equivalents	(31,266)	(17,518)
Translation adjustments	3,508	(2,493)
Cash and cash equivalents at the beginning of the period	62,736	80,695
Cash and cash equivalents at the end of the period, represented by cash and bank balances	34,978	60,684



NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

1. GENERAL INFORMATION, BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

G.A. Holdings Limited was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 5 July 2001. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1007, Level 10, Tower I, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange.

The Company and its subsidiaries are 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.

The unaudited condensed consolidated interim financial statements (the "Interim Financial Information") for the six months ended 30 June 2024 are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The Interim Financial Information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules.

The Interim Financial Information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Except as described in note 2, the basis of preparation and accounting policies adopted in preparing the Interim Financial Information are consistent with those adopted in the preparation of the Group's audited annual financial statements for the year ended 31 December 2023.



2. ADOPTION OF AMENDED HKFRSs

(a) Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current period, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's Interim Financial Information for the annual period beginning on 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

(b) Issued but not yet effective HKFRSs

At the date of authorisation of the Interim Financial Information, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of exchangeability ²

¹ Effective date not yet determined

² Effective for annual periods beginning on or after 1 January 2025



2. ADOPTION OF AMENDED HKFRSs (Continued)

(b) Issued but not yet effective HKFRSs (Continued)

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 amended HKFRSs is provided below, which are not expected to have a material impact on the Group’s Interim Financial Information.

Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments remove an acknowledged inconsistency between the requirements in HKFRS 10 “Consolidated Financial Statements” and those in HKAS 28 “Investments in Associates and Joint Ventures” in dealing with the sale or contribution of assets between an investor and its associate or joint venture and require that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of the amendments has been postponed indefinitely with earlier adoption permitted. The directors expect that the amendments have no material impact on the Group’s Interim Financial Information.

Amendments to HKAS 21 “Lack of exchangeability”

The amendments to HKAS 21 clarify the approach that should be taken by entities when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.



2. ADOPTION OF AMENDED HKFRSs (Continued)

(b) Issued but not yet effective HKFRSs (Continued)

Amendments to HKAS 21 “Lack of exchangeability” (Continued)

The amendments:

- a) introduce a definition of whether a currency is exchangeable and the process by which an entity should assess this exchangeability (i.e. a currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations); and
- b) set out a framework under which an entity can determine the spot exchange rate at the measurement date (by an observable exchange rate without adjustment or another estimation technique) when a currency lacks exchangeability.

Besides, the amendments also require an entity to disclose the additional information when it estimates a spot exchange rate due to lack of exchangeability.

The amendments are effective for annual periods beginning on or after 1 January 2025. Earlier application is permitted. The directors of the Group expect that the amendments have no material impact on the Group’s Interim Financial Information.

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

The Group recognised revenue by category as follows:

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue		
Sales of motor vehicles	568,503	709,707
Servicing of motor vehicles and sales of auto parts	260,644	293,230
Technical service fee income	3,871	4,362
Car rental income	10,002	11,087
	843,020	1,018,386



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major types of goods and services provided and geographical market:

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods and services		
Sales of motor vehicles	568,503	709,707
Servicing of motor vehicles and sales of auto parts	260,644	293,230
Technical service	3,871	4,362
Car rental service	10,002	11,087
Total	843,020	1,018,386
Timing of revenue recognition		
At a point in time	833,018	1,007,299
Over-time	10,002	11,087
Total	843,020	1,018,386
Geographical markets		
China (Mainland)	833,018	1,007,299
China (Hong Kong)	10,002	11,087
Total	843,020	1,018,386
Type of customers		
Corporate	165,996	189,499
Individuals	677,024	828,887
Total	843,020	1,018,386



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

The Group recognised other income by category as follows:

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Bank interest income	440	1,279
Commission income	63	687
Consultant service income	50,038	34,373
Government grants	128	399
Financial guarantee income	1,151	2,564
Net gain on disposal of property, plant and equipment and right-of-use assets	2,797	2,029
Sundry income	2,994	2,839
	57,611	44,170

Segment information

The Group has identified the following reportable segments for the period:

- Motor vehicles sales and services business – primarily consists of the operations of (i) motor vehicle distribution and dealership business, which includes sales of motor vehicles and provision of after-sales services; and (ii) other motor vehicles related business, which includes operations of motor vehicles service shops, sales of auto parts, provision of car-related technical services and other value-added motor vehicle services; and
- Car rental business

Each of these reportable operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

These reportable segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(a) *Segment revenue, segment results and other segment information*

	(Unaudited)		
	Six months ended 30 June 2024		
	Motor vehicles sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	833,018	10,002	843,020
Reportable segment (loss)/profit	(14,827)	1,282	(13,545)
Other information:			
Depreciation and amortisation of non-current assets	(22,179)	(4,462)	(26,641)
Net gain on disposals of property, plant and equipment and right-of-use assets	1,817	980	2,797
Provision of ECL allowance on trade receivables	(276)	–	(276)
Provision of ECL allowance on other receivables	(3,388)	–	(3,388)
Addition to non-current assets (other than financial instruments) during the period	11,839	3,638	15,477



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(a) *Segment revenue, segment results and other segment information (Continued)*

	(Unaudited)		
	Six months ended 30 June 2023		
	Motor vehicles sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	1,007,299	11,087	1,018,386
Reportable segment profit	2,953	1,056	4,009
Other information:			
Depreciation and amortisation of non-current assets	(22,855)	(5,485)	(28,340)
Net (loss)/gain on disposals of property, plant and equipment and right-of-use assets	(43)	2,072	2,029
Addition to non-current assets (other than financial instruments) during the period	10,968	3,914	14,882



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(b) Segment assets and liabilities

	(Unaudited)		
	As at 30 June 2024		
	Motor vehicles sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	1,658,094	27,459	1,685,553
Reportable segment liabilities	1,018,043	10,060	1,028,103

	(Audited)		
	As at 31 December 2023		
	Motor vehicles sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	1,538,813	28,209	1,567,022
Reportable segment liabilities	911,209	14,197	925,406



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(c) *Reconciliation of segment information to the Group's key financial figures as presented in the Interim Financial Information*

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	843,020	1,018,386
Reportable segment (loss)/profit	(13,545)	4,009
Unallocated corporate income	5,066	5,128
Unallocated corporate expenses		
Depreciation and amortisation of non-current assets	(996)	(304)
Employee benefit expenses	(4,525)	(3,732)
Others	(1,222)	(1,764)
Unallocated finance costs	(1,977)	(1,711)
(Loss)/Profit before income tax	(17,199)	1,626



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(c) *Reconciliation of segment information to the Group's key financial figures as presented in the Interim Financial Information (Continued)*

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Reportable segment assets	1,685,553	1,567,022
Non-current corporate assets <i>(note (i))</i>	10,764	11,401
Current corporate assets <i>(note (ii))</i>	142,407	180,463
Consolidated total assets	1,838,724	1,758,886
Reportable segment liabilities	1,028,103	925,406
Non-current corporate liabilities <i>(note (iii))</i>	10,542	11,178
Current corporate liabilities <i>(note (iv))</i>	57,021	56,289
Consolidated total liabilities	1,095,666	992,873



3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(c) *Reconciliation of segment information to the Group's key financial figures as presented in the Interim Financial Information (Continued)*

Notes:

- (i) Non-current corporate assets mainly include certain property, plant and equipment, certain right-of use assets, and financial asset at fair value through other comprehensive income that are not directly attributable to the business activities of the reportable segments.
- (ii) Current corporate assets mainly include certain prepayments, deposits and other receivables, tax recoverable, cash and bank balances and pledged deposits that are not directly attributable to the business activities of the reportable segments or that are managed on group basis.
- (iii) Non-current corporate liabilities include deferred tax liabilities and certain lease liabilities that are not directly attributable to the business activities of the reportable segments.
- (iv) Current corporate liabilities include certain accruals and other payables, certain borrowings, certain lease liabilities and tax payables that are not directly attributable to the business activities of the reportable segments or that are managed on group basis.



4. OTHER EXPENSES

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advertising and promotion expenses	2,510	3,516
Auditor's remuneration	629	5
Bank charges	1,312	1,742
Entertainment expenses	3,062	2,605
Insurance expenses	1,309	826
IT service fees	305	666
Legal and professional fees	1,237	1,272
Motor vehicle expenses	3,911	3,962
Office expenses	2,229	3,493
Other taxes and levies*	4,074	4,845
Repairs and maintenance expenses	898	811
Transportation and travelling expenses	1,739	2,197
Utilities	1,893	2,023
Miscellaneous expenses	1,972	2,272
	27,080	30,235

* Other taxes and levies mainly represent the indirect taxes arising from sales and other operating activities of the Group.



5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived after charging/(crediting):

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
Interest charges on bank and other borrowings	17,014	16,325
Finance charges on lease liabilities	3,178	3,441
	20,192	19,766

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other items		
Lease charges:		
– Short term leases and leases term shorter than 12 months	1,555	2,505
– Leases of low value items	186	91
Depreciation of property, plant and equipment and right-of-use assets	26,537	27,518
Net gain on disposals of property, plant and equipment and right-of-use assets	(2,797)	(2,029)
Amortisation of intangible assets	1,100	1,126



6. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Overseas		
– Charge for the period	2,325	5,799
Current tax – total	2,325	5,799
Deferred tax	(1,296)	(389)
Total income tax expense	1,029	5,410

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 and 2023 is calculated at 16.5% of the estimated assessable profits for the periods. For the six months ended 30 June 2024 and 2023, a subsidiary of the Group is a qualifying corporation under the two-tiered profits tax rate regimes. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

Hong Kong Profits Tax has not been provided as the assessable profits for both periods were wholly absorbed by unrelieved tax losses brought forward from previous years.



6. INCOME TAX EXPENSE (Continued)

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

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% (six months ended 30 June 2023: 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% (six months ended 30 June 2023: 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% (six months ended 30 June 2023: 5%).

Income tax in respect of operations in Singapore has not been provided for the six months ended 30 June 2024 and 2023 as the Company's Singapore subsidiary has no assessable profits for the periods.

7. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

8. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2024 is based on the unaudited loss attributable to the owners of the Company for the six months ended 30 June 2024 of approximately HK\$18,228,000 (six months ended 30 June 2023: HK\$3,784,000) and on the weighted average number of 476,300,000 (six months ended 30 June 2023: 476,300,000) ordinary shares in issue during the six months ended 30 June 2024.

Diluted loss per share for the six months ended 30 June 2024 and 2023 are the same as the basic loss per share as there was no dilutive potential ordinary share in issue during the respective periods.



9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment and right-of-use assets with total cost of approximately HK\$15,477,000 (six months ended 30 June 2023: HK\$14,882,000) and disposed of certain items of property, plant and equipment and right-of-use assets with total carrying amount of approximately HK\$5,138,000 (six months ended 30 June 2023: HK\$4,765,000).

10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amount of each class of the financial assets and financial liabilities approximate to their fair values.

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

Level 3
HK\$'000

As at 30 June 2024 (Unaudited)

Assets

Financial asset at fair value through other comprehensive income	10,764
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As at 31 December 2023 (Audited)

Assets

Financial asset at fair value through other comprehensive income	10,843
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If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for the Group's unlisted equity investment.



10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Details of the particulars of the financial asset at fair value through other comprehensive income (non-recycling) are as follows:

Name of financial asset	Place of establishment and operation	Particulars of registered capital	Percentage of equity interest directly held by the Group	Principal activities
廈門歐利行汽車銷售服務有限公司 (Xiamen Euro Automobiles Sales and Service Co., Ltd.)	PRC	Renminbi (“RMB”) 80,000,000	9% (31 December 2023: 9%)	Sales of high-end motor vehicles and provision of repair and maintenance services of high-end automobiles

The fair value of financial asset at fair value through other comprehensive income (non-recycling) was determined by using discounted cash flow method which requires the directors to estimate the future cash flows expected to arise from the financial asset and a suitable discount rate in order to calculate the present value. The main input used by the Group in measuring the fair value of the unlisted equity investment was derived and evaluated as follows:

- Discount rates of 13.2% (31 December 2023: 13.2%) for financial assets were determined by using a capital asset pricing model to calculate a pre-tax rate that reflected current market assessments of the time value of money and the risk specific to the asset. An increase in the discount rate would increase the fair value.
- A discount for lack of marketability (DLOM) of 15.7% (31 December 2023: 15.7%) is adopted as reference to “2023 Stout Restricted Stock Study Companion Guide” published by Stout Risius Ross, LLC., which its ownership interest is not readily marketable compared to similar interest in public companies. An increase in the discount for lack of marketability would decrease the fair value.
- Terminal growth rate of 2.2% (31 December 2023: 2.2%) were estimated reference to the publicly available market benchmark of China’s average inflation rate.



10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

There have been no transfers into or out of Level 3 during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Fair value measurement using significant unobservable inputs (Level 3)

The reconciliation of the carrying amount of the Group's financial instrument classified within Level 3 of the fair value hierarchy is as follows:

	Unlisted equity investment (Level 3) HK\$'000
At 1 January 2023 (audited)	8,218
Fair value gain recognised in other comprehensive income	2,751
Translation adjustment	(126)
At 31 December 2023 and 1 January 2024 (audited)	10,843
Translation adjustment	(79)
At 30 June 2024 (unaudited)	10,764



11. TRADE RECEIVABLES

The Group requires individual customers to pay cash for any service rendered and goods sold while it generally allows a credit period from 3 to 9 months to its major customers with long business relationship. At the end of the reporting period, the ageing analysis of trade receivables, based on invoice date, is as follows:

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
0 – 90 days	106,862	88,629
91 – 180 days	7,923	16,619
181 – 365 days	613	133
Over 1 year	2,265	2,286
	117,663	107,667
Less: ECL allowance	(3,255)	(2,979)
	114,408	104,688

The movement in the ECL allowance on trade receivables is as follows:

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Balance at the beginning of the period/year	2,979	2,711
Provision of ECL allowance during the period/year	276	268
Balance at the end of the period/year	3,255	2,979



12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Advances to Zhong Bao Group (<i>note</i>)	898,467	765,965
Rebate receivables	70,005	94,857
Other receivables, prepayments and deposits paid		
– Prepayments for acquisition of inventories	3,796	1,885
– Others prepaid expenses	4,943	6,480
– Others	30,066	24,510
Less: ECL allowance	1,007,277 (17,742)	893,697 (14,354)
	989,535	879,343

The movement in the ECL allowance on other receivables is as follows:–

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Balance at the beginning of the period/year	14,354	9,911
Provision of ECL allowance during the period/year	3,388	4,443
Balance at the end of the period/year	17,742	14,354



12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note:

The Group has maintained long term business relationship with Xiamen Zhong Bao Automobiles Co., Limited (“Xiamen Zhong Bao”) and its related companies (collectively, “Zhong Bao Group”).

Pursuant to technical and management service agreements entered into between the Group and Zhong Bao Group, the Group would provide technical expertise, management service and financial assistance to Zhong Bao Group including making advances for the operations of the distribution of locally manufactured BMW motor vehicles in the PRC by Zhong Bao Group. The technical fee charged by the Group is based on agreed terms with reference to the monthly actual sales quantity of specified car models of Zhong Bao Group.

Other than as stated above, the Group sells motor vehicles, auto parts and provides motor vehicles services to the customers of Zhong Bao Group. Total receivables arising from the above transactions including advances made to Zhong Bao Group and trade receivables from Zhong Bao Group outstanding as at 30 June 2024 amounted to HK\$980,819,000 (31 December 2023: HK\$828,209,000), which is after netting off the trade and other payables balances due by the Group to Zhong Bao Group. The amount is interest-free and repayable on demand.

On 14 January 2022, the Group entered into an agreement (“Agreement”) with Zhong Bao Group, pursuant to which Zhong Bao Group agreed to pledge their motor vehicles inventories to the Group together with a personal guarantee provided by Zhong Bao’s shareholder until full settlement of all the outstanding amount due by Zhong Bao Group. As at 30 June 2024, the market value of the pledged assets amounted to approximately HK\$395,635,000 (31 December 2023: HK\$392,387,000). The directors of the Company consider that the market value of the pledged motor vehicles inventories and personal guarantee provided by Zhong Bao Group’s shareholder under the Agreement provide safeguard for the advances to Zhong Bao Group. The collateral remains effective as long as there are outstanding balances due by Zhong Bao Group.



12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

The Group individually assesses ECL under HKFRS 9 on trade receivables and advances due from Zhong Bao Group based on historical settlement records and past experience and current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operate. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the Zhong Bao Group's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

In view of the satisfactory settlement record in the past and the collateral in place as mentioned above, the directors are of the opinion that the credit risk of total receivables due from Zhong Bao Group are low. During the six months ended 30 June 2024, provision of ECL allowance on trade receivables and advances due from Zhong Bao Group of HK\$276,000 and HK\$3,388,000 were recognised respectively (six months ended 30 June 2023: nil).



13. TRADE AND BILLS PAYABLES

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Trade payables	26,097	48,465
Bills payables	103,975	131,056
	130,072	179,521

The credit period of the Group is usually 3 to 6 months. At the end of the reporting period, the ageing analysis of trade and bills payables, based on invoice date and issuance date of bills, is as follows:

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
0 – 30 days	28,913	106,266
31 – 180 days	100,435	72,799
181 – 365 days	420	2
1 – 2 years	65	313
Over 2 years	239	141
	130,072	179,521



14. CONTRACT LIABILITIES

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Contract liabilities arising from deposits received from sales of motor vehicles	27,398	20,034
Contract liabilities arising from deposits received from servicing of motor vehicles and sales of auto parts	34,913	21,187
	62,311	41,221

15. COMMITMENTS

15.1 Lease commitments as lessee

At the reporting date, the lease commitments for short-term leases and low-value assets are as follows:

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Within one year	21	33
After one year but within five years	44	44
	65	77



15. COMMITMENTS (Continued)

15.2 Capital commitments

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Contracted but not provided for acquisition of property, plant and equipment	1,649	1,816
Capital injection in subsidiaries	7,800	7,800

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had given guarantees as follows:

	(Unaudited) As at 30 June 2024 <i>HK\$'000</i>	(Audited) As at 31 December 2023 <i>HK\$'000</i>
Guarantees for banking facilities provided to Zhong Bao Group	144,234	145,286

17. TRANSACTIONS WITH ZHONG BAO GROUP

Save for those disclosed as set out in notes 12 and 16, the Group had generated income from sales of motor vehicles and auto parts and car servicing of HK\$75,622,000 (six months ended 30 June 2023: HK\$86,061,000), earned technical fee income of HK\$3,871,000 (six months ended 30 June 2023: HK\$4,362,000), earned financial guarantee income of HK\$623,000 (six months ended 30 June 2023: HK\$797,000) and generated operating lease income of HK\$75,000 (six months ended 30 June 2023: HK\$74,000) from Zhong Bao Group during the six months ended 30 June 2024.

The Group purchased motor vehicles and auto parts and car servicing of HK\$38,929,000 (six months ended 30 June 2023: HK\$46,097,000) from Zhong Bao Group and was charged rental of HK\$2,201,000 (six months ended 30 June 2023: HK\$2,252,000) by Zhong Bao Group during the six months ended 30 June 2024.



18. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the Interim Financial Information, during the period, the Group had the following transactions with related parties:

18.1 Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Key management personnel compensation		
Short term employee benefits	3,891	4,181
Post-employment benefits	63	62
	3,953	4,243

18.2 Guarantee provided by a related party

As at 30 June 2024, certain bank and other borrowings and bills payables of approximately HK\$660,332,000 (31 December 2023: HK\$564,038,000) were guaranteed by Loh Nee Peng, a substantial shareholder of the Company.

19. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2024, the Group entered into lease arrangements in respect of the acquisition of right-of-use assets with a total capital value at the inception of the leases of HK\$868,000 (six months ended 30 June 2023: HK\$330,000).



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Due to the intensifying price competition among various automobiles brands in China, the Group recorded lower revenue, gross operating profit and margin and suffered from a net loss for the six months ended 30 June 2024.

FINANCIAL REVIEW

Revenue

The unaudited consolidated revenue for the six months ended 30 June 2024 decreased by 17.2% from HK\$1,018,386,000 for the six months ended 30 June 2023 to HK\$843,020,000 for the six months ended 30 June 2024.

1. Sales of motor vehicles

Revenue generated from the sales of motor vehicles decreased by 19.9% from HK\$709,707,000 for the six months ended 30 June 2023 to HK\$568,503,000 for the six months ended 30 June 2024 mainly due the intensifying price competition.

2. Servicing of motor vehicles and sales of auto parts

Revenue generated from servicing of motor vehicles and sales of auto parts decreased by 11.1% from HK\$293,230,000 for the six months ended 30 June 2023 to HK\$260,644,000 for the six months ended 30 June 2024.



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 six months ended 30 June 2024 was HK\$3,871,000, decreased by 11.3% as compared to HK\$4,362,000 for the corresponding period in 2023 since the number of PRC locally assembled BMW sold by Xiamen Zhong Bao decreased.

4. Car rental business

The income from car rental business in Hong Kong for the six months ended 30 June 2024 was HK\$10,002,000, representing a decrease of 9.8% compared to the corresponding period in 2023. This was mainly due to the unfavourable economic environment in Hong Kong, with a decline in inbound tourist arrivals leading to a decrease in short-term rental income.

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 six months ended 30 June 2024 decreased by 39.4% to HK\$64,256,000, as compared to HK\$106,054,000 in the corresponding period in 2023. The decrease was mainly due to the decrease in revenue as well as more discounts offered to customers ahead of intensifying price competition during the period.

The gross operating margin decreased from 10.4% for the six months ended 30 June 2023 to 7.6% for the six months ended 30 June 2024. The decrease in gross operating margin during the period was due to more discounts offered to customers as disclosed above.



Other Income

Other income increased from HK\$44,170,000 in the corresponding period in 2023 to HK\$57,611,000 for the six months ended 30 June 2024 mainly due to the increase in consultant service income during the period.

Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$57,810,000 for the six months ended 30 June 2024, representing a 12.3% decrease as compared to HK\$65,898,000 in the corresponding period in 2023. The decrease was mainly due to decrease in staff commission due to the decrease in revenue and gross operating profit, and decrease in average number of staff during the period.

Depreciation and Amortisation

Depreciation and amortisation expenses decreased by 3.5% from HK\$28,644,000 for the six months ended 30 June 2023 to HK\$27,637,000 for the six months ended 30 June 2024.

Foreign Exchange Exposure

During the six months ended 30 June 2024, the Group recorded exchange loss of HK\$942,000 (2023: HK\$1,459,000), 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 six months ended 30 June 2024, other expenses were HK\$27,080,000, a decrease by 10.4% compared to HK\$30,235,000 in the corresponding period in 2023. The decrease was mainly attributable to (i) decrease in advertising and promotion expenses, office expenses and transportation and travelling expenses by HK\$1,006,000, HK\$1,264,000 and HK\$458,000 respectively; and partially offset by (ii) increase in entertainment expenses and insurance expenses by HK\$457,000 and HK\$483,000 respectively.

Finance Costs

Finance costs increased slightly from HK\$19,766,000 for the six months ended 30 June 2023 to HK\$20,192,000 for the six months ended 30 June 2024.



Loss Attributable to Owners of the Company

The loss attributable to owners of the Company for the six months ended 30 June 2024 was HK\$18,228,000 compared to HK\$3,784,000 for the six months ended 30 June 2023. The increase in the loss attributable to owners of the Company was a result of intensifying price competition among various automobiles brands in China.

Financial Resources and Liquidity

As at 30 June 2024, shareholders' fund of the Group amounted to HK\$743,058,000 (31 December 2023: HK\$766,013,000); current assets amounted to HK\$1,396,097,000 (31 December 2023: HK\$1,293,109,000) of which, HK\$141,960,000 (31 December 2023: HK\$175,510,000) were cash and bank balances and pledged deposits. Current liabilities of the Group amounted to HK\$968,590,000 (31 December 2023: HK\$853,595,000), were mainly trade payables, contract liabilities, borrowings, bills payables, accruals and other payables and current portion of lease liabilities. The Group had non-current liabilities amounted to HK\$127,076,000 (31 December 2023: HK\$139,278,000) which were mainly the non-current portion of borrowings, lease liabilities and deferred tax liabilities. The net asset value per share as at 30 June 2024 was HK\$1.56 (31 December 2023: HK\$1.61).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including bills payables, lease liabilities, short-term and long-term borrowings) less cash and bank balances (net debt), divided by total equity plus net debt. As at 30 June 2024, the gearing ratio of the Group was 0.55 (31 December 2023: 0.50).

Charges On Group's Assets

As at 30 June 2024, fixed deposits of HK\$106,981,000 (31 December 2023: HK\$102,734,000) were pledged to banks and other financial institutions to secure facilities of the Group while nil (31 December 2023: HK\$10,040,000) were pledged to banks as security in favor of one of our suppliers.

As at 30 June 2024, certain leasehold improvement, motor vehicles and plant and machinery with net carrying amount of approximately HK\$33,282,000 (31 December 2023: HK\$42,308,000) was pledged as collateral for the other borrowings of the Group.



As at 30 June 2024, building with net carrying amount of approximately HK\$16,721,000 (31 December 2023: HK\$17,832,000) was pledged as collateral for the bank borrowings of the Group.

As at 30 June 2024, certain motor vehicles included in right-of-use assets with net carrying amount of approximately HK\$726,000 (31 December 2023: HK\$270,000) was pledged as collateral for the lease liabilities of the Group.

As at 30 June 2024, leasehold land included in right-of-use assets with net carrying amounts of approximately HK\$62,276,000 and HK\$2,317,000 (31 December 2023: HK\$64,056,000 and HK\$2,362,000) were pledged as collateral for the bank borrowings of the Group and Xiamen Zhong Bao respectively.

Contingent Liabilities

As at 30 June 2024, the Group provided bank guarantees with aggregate principal amounts of approximately HK\$144,234,000 (31 December 2023: HK\$145,286,000) in respect of banking facilities to Zhong Bao Group.

Employee Information

As at 30 June 2024, the total number of employees of the Group was 636 (31 December 2023: 686). The decrease in the workforce was mainly due to cost control imposed by the Group. It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure the remuneration policy is competitive within the industry.

Retirement Benefits

During the six months ended 30 June 2024, the Group's aggregate amount of employer's contribution under the Central Provident Fund in Singapore, the Mandatory Provident Fund in Hong Kong and the Central Pension Scheme in the PRC amounted to approximately HK\$5,906,000 (six months ended 30 June 2023: HK\$6,414,000).

Capital Structure of the Group in Debt Securities

During the six months ended 30 June 2024 and the corresponding period in 2023, the Group has no debt securities in issue.



Capital Expenditure and Capital Commitment

During the six months ended 30 June 2024, the Group incurred capital expenditure of approximately HK\$15,477,000 (six months ended 30 June 2023: HK\$14,882,000) on acquisition of property, plant and equipment and right-of-use assets.

As at 30 June 2024, the Group has commitment contracted but not provided for the acquisition of property, plant and equipment amounted to HK\$1,649,000 (31 December 2023: HK\$1,816,000).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Event after the Reporting Period

Subsequent to 30 June 2024 and up to the date of this report, there was no material event relevant to the business or financial performance of the Group that comes into the attention of the Directors.

PROSPECTS

The price war affecting China's passenger car market continued through the first half of 2024 and is expected to remain intense through 2024. While BMW in China has reduced its sales target to ease operational pressure on the dealers, the effort has not yielded positive results. Neither sales volume nor margin has improved for the dealers. Looking ahead, the tough operating environment is expected to persist in the second half of the year. In the meantime, we are focusing on our aftersales business which remains profitable.



RESIGNATION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR AND NON-COMPLIANCE WITH RULES 5.05(1), 5.28, 5.34 AND 5.36A OF THE GEM LISTING RULES

Mr. Zhou Ming (“Mr. Zhou”) tendered his resignation as an independent non-executive Director, chairman of the audit committee and remuneration committee of the Company and a member of nomination committee of the Company, with effect from 15 July 2024 due to his health issues.

Pursuant to Rule 5.05(1) of the GEM Listing Rules, which stipulates that the Board must include at least three independent non-executive directors. Following the resignation of Mr. Zhou, the Company, having only two independent non-executive Directors, which is not in compliance with Rule 5.05(1) of the GEM Listing Rules.

Pursuant to Rule 5.28 of the GEM Listing Rules, which stipulates that the audit committee must comprise a minimum of three members. Following the resignation of Mr. Zhou, the audit committee of the Company has only two members which is not in compliance with Rule 5.28 of the GEM Listing Rules.

In addition, pursuant to Rules 5.34 and 5.36A of the GEM Listing Rules, which stipulates that the remuneration committee and nomination committee must comprise a majority of independent non-executive directors. Following the resignation of Mr. Zhou, the remuneration committee and nomination committee of the Company do not comprise a majority of independent non-executive directors, which are not in compliance with Rules 5.34 and 5.36A of the GEM Listing Rules.

The Board will appoint appropriate persons to fill the vacancies as soon as possible within three months from 15 July 2024, pursuant to Rules 5.06 and 5.36 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.



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

As at 30 June 2024, the interests or short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are notified to the Company and the Stock Exchange pursuant to SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.48 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of total issued voting shares
Ma Hang Kon, Louis	Personal interest	500,000	0.10%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company or their respective associates, had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, 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 total issued voting shares
Loh Nee Peng	Beneficial owner and interest of a controlled corporations (<i>Note 1</i>)	107,780,320	22.63%
Loh & Loh Construction Group Ltd.	Beneficial owner (<i>Note 1</i>)	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner (<i>Note 1</i>)	32,676,320	6.86%
Galligan Holdings Limited	Beneficial owner (<i>Note 2</i>)	39,700,000	8.34%
Butterfield Trust (Asia) Limited	Trustee (<i>Note 2</i>)	39,700,000	8.34%

Notes:

1. To the best of knowledge of the Directors, 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 held directly by Mr. Loh Nee Peng. Big Reap Investment Limited is interested as to 100% by Mr. Loh Nee Peng and Loh & Loh Construction Group Ltd. is interested as to 64% by Mr. Loh Nee Peng. By virtue of Part XV of the SFO, Mr. Loh Nee Peng is deemed to be interested in the shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd.
2. The 39,700,000 shares are held by Galligan Holdings Limited which is interested as to 100% indirectly held by Butterfield Trust (Asia) Limited. By virtue of Part XV of the SFO, Butterfield Trust (Asia) Limited is deemed to be interested in the shares held by Galligan Holdings Limited.



Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person or corporation who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was expected to be interested in 5% or more of the nominal value of any class of share capital or carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO SUBSCRIBE FOR EQUITY OR DEBT SECURITIES

None of the Directors or chief executives of the Company or their spouse or children under the age of 18 was granted by the Company or any of its subsidiaries any right to subscribe for equity or debt securities of the Company or any body corporate.

COMPETING INTERESTS

During the six months ended 30 June 2024, none of the Directors or the controlling shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

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

During the six months ended 30 June 2024, no option has been granted under the Share Option Scheme.



ADVANCES TO ENTITIES

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

Pursuant to the GEM Listing Rule 17.16, 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 June 2024, the Company’s consolidated total assets were approximately HK\$1,838,724,000.

	(Unaudited)		(Audited)	
	As at		As at	Increment as
	30 June	Assets	31 December	compared to
	2024	Ratio	2023	Assets Ratio
	<i>HK\$'000</i>	(%)	<i>HK\$'000</i>	(%)
Guarantees to Zhong				
Bao Group (<i>note</i>)	144,234	7.8	145,286	N/A

Note: Such amounts include the principal amount of the facilities granted by the banks to Xiamen Zhong Bao and its related companies (“Zhong Bao Group”).



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2024, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also 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 CODE

The Board also considers that the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules (the “CG Code”) 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 2023.

AUDIT COMMITTEE

Pursuant to Rule 5.28 to 5.33 of the GEM Listing Rules and Code Provision C.3.3., the Company’s Audit Committee was formed on 5 June 2002 and is currently composed of, namely, Ms. Guan Xin and Mr. Lin Ju Zheng, who are all independent non-executive Directors. Ms. Guan Xin 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 and interim reports; (b) to review and supervise the financial reporting process, risk management and internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advices and comments thereon to the Board.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 have been reviewed by the Audit Committee and were approved by the Board on 27 August 2024.



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 six months ended 30 June 2024.

DIRECTORS OF THE COMPANY

As at the date hereof, the executive Directors of the Company are Mr. Yuen Kin Pheng, Mr. Choy Choong Yew, Mr. Li Ze Qing, Mr. Ma Hang Kon, Louis and Mr. Zhang Xi; and the independent non- executive Directors are Ms. Guan Xin and Mr. Lin Ju Zheng.

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

Hong Kong, 27 August 2024

* *For identification purpose only*