



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, 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 of the Stock Exchange (the “GEM Listing Rules”) 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 announcement 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 announcement misleading.

CAUTION STATEMENT

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 which has been agreed by the Audit Committee of the Company.

In view of the latest situation of the novel coronavirus disease (COVID-19) pandemic, the auditors of the Company cannot complete the relevant audit field work in the People’s Republic of China (the “PRC”) for the audit of the consolidated financial statements of the Group for the year ended 31 December 2019. The unaudited consolidated financial results hereby published have not been agreed with the Company’s auditors. The Company will make appropriate announcements and disclosures as and when it is aware of any material adjustment to the unaudited consolidated financial results.

It is expected that the audit field work of the auditors would be resumed as soon as practicable after the travel restriction measures in containing the COVID-19 outbreak are relaxed. The Company is in constant liaison with the auditors to monitor the situation. This will inevitably cause delay in the publication and despatch of the audited annual results announcement and the annual report of the Group for the year ended 31 December 2019 as well as the postponement of the 2020 annual general meeting of the Company. Further announcement(s) will be made as and when appropriate.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

| | Notes | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|--|-------|---------------------------------|-------------------------------|
| Revenue | 4 | 2,235,333 | 2,225,095 |
| Other income | 6 | <u>44,232</u> | <u>42,399</u> |
| | | 2,279,565 | 2,267,494 |
| Changes in inventories | 7.1 | 1,327 | 88,819 |
| Auto parts and accessories, and motor vehicles purchased | 7.1 | (1,903,094) | (1,989,787) |
| Employee benefit expenses | | (130,666) | (143,300) |
| Depreciation and amortisation | | (61,891) | (50,838) |
| Lease charges | | (6,792) | (16,682) |
| Exchange differences, net | | (1,262) | (309) |
| Other expenses | | <u>(82,645)</u> | <u>(78,009)</u> |
| Profit from operations | | 94,542 | 77,388 |
| Finance costs | 7.2 | <u>(37,045)</u> | <u>(39,492)</u> |
| Profit before income tax | 7 | 57,497 | 37,896 |
| Income tax expense | 8 | <u>(30,618)</u> | <u>(15,909)</u> |
| Profit for the year attributable to owners of the Company | | <u>26,879</u> | <u>21,987</u> |
| Other comprehensive expense | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange loss on translation of financial statements of foreign operations | | <u>(7,885)</u> | <u>(30,324)</u> |
| Other comprehensive expense for the year | | <u>(7,885)</u> | <u>(30,324)</u> |
| Total comprehensive income/(expense) for the year attributable to owners of the Company | | <u>18,994</u> | <u>(8,337)</u> |
| | | HK cents | HK cents |
| Earnings per share | | | |
| Basic and diluted | 9 | <u>5.64</u> | <u>4.62</u> |

Note: The Group has initially applied HKFRS 16 effective from 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Consolidated Statement of Financial Position

as at 31 December 2019

| | Notes | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|--|-------|---------------------------------|-------------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 209,924 | 263,886 |
| Leasehold land | | – | 82,493 |
| Intangible asset | | 15,624 | 18,256 |
| Prepaid expenses | | 12,853 | 14,381 |
| Right-of-use assets | | 248,941 | – |
| Goodwill | | 6,298 | 6,440 |
| Deferred tax assets | | – | 1,812 |
| Financial asset at fair value through other comprehensive income | | 8,035 | 8,215 |
| | | <u>501,675</u> | <u>395,483</u> |
| Current assets | | | |
| Inventories | | 197,215 | 195,888 |
| Trade receivables | 11 | 132,318 | 128,457 |
| Prepayments, deposits and other receivables | | 532,699 | 621,626 |
| Tax recoverable | | 2,426 | 4,095 |
| Pledged deposits | | 115,595 | 135,213 |
| Cash and bank balances | | 116,170 | 77,555 |
| | | <u>1,096,423</u> | <u>1,162,834</u> |
| Current liabilities | | | |
| Trade payables | 12 | 72,175 | 54,295 |
| Lease liabilities | | 22,764 | – |
| Contract liabilities | | 71,120 | 67,971 |
| Accruals and other payables | | 41,375 | 38,079 |
| Bills payable | 12 | 110,351 | 222,415 |
| Borrowings | | 467,709 | 516,689 |
| Amount due to a related company | | – | 280 |
| Advance from a director | | 1,491 | 1,007 |
| Tax payable | | 35,587 | 32,653 |
| | | <u>822,572</u> | <u>933,389</u> |

| | 2019 HK\$'000 (unaudited) | 2018 <i>HK\$'000</i> (audited) |
|---|--|--------------------------------------|
| Net current assets | <u>273,851</u> | <u>229,445</u> |
| Total assets less current liabilities | <u>775,526</u> | <u>624,928</u> |
| Non-current liabilities | | |
| Borrowings | 4,499 | 6,129 |
| Lease liabilities | 132,987 | – |
| Deferred tax liabilities | <u>16,834</u> | <u>16,587</u> |
| | <u>154,320</u> | <u>22,716</u> |
| Net assets | <u><u>621,206</u></u> | <u><u>602,212</u></u> |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Share capital | 47,630 | 47,630 |
| Reserves | <u>573,576</u> | <u>554,582</u> |
| Total equity | <u><u>621,206</u></u> | <u><u>602,212</u></u> |

Note: The Group has initially applied HKFRS 16 effective from 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Notes:

1. GENERAL INFORMATION

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 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited.

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.

2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to the Group's operations and effective for the Group's unaudited consolidated financial statements for the annual period beginning on 1 January 2019:

| | |
|-----------------------|--|
| HKFRS 16 | Leases |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015-2017 Cycle |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments |

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

HKFRS 16 “Leases”

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

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a lessee

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

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

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

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

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was approximately 5%.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

| | <i>HK\$'000</i> |
|---|-----------------------|
| Total operating lease commitments disclosed at 31 December 2018 | 159,087 |
| Recognition exemptions: | |
| Lease of low value assets | (18) |
| Leases with remaining lease term of less than 12 months | <u>(6,778)</u> |
| Operating leases liabilities before discounting | 152,291 |
| Discounting using incremental borrowing rate as at 1 January 2019 | <u>(45,462)</u> |
| Operating leases liabilities as at 1 January 2019 | 106,829 |
| Finance leases obligation | <u>24,276</u> |
| Total lease liabilities recognised under HKFRS 16 at 1 January 2019 | <u><u>131,105</u></u> |
| | <i>HK\$'000</i> |
| Classified as: | |
| Current lease liabilities | 25,644 |
| Non-current lease liabilities | <u>105,461</u> |
| | <u><u>131,105</u></u> |

As a lessor

Upon initial application of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16. Comparative information is not restated.

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's unaudited consolidated statement of financial position at 1 January 2019:

| | <i>HK\$'000</i> |
|---|----------------------|
| Decrease in property, plant and equipment | (29,373) |
| Decrease in leasehold lands | (82,493) |
| Decrease in prepaid expenses | (1,523) |
| Increase in right-of-use assets | 220,688 |
| Decrease in prepayments, deposits and other receivables | (470) |
| Increase in lease liabilities | (131,105) |
| Decrease in borrowings | <u><u>24,276</u></u> |

2.2 Issued but not yet effective HKFRSs

At the date of authorisation of these unaudited consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

| | |
|--|--|
| HKFRS 17 | Insurance Contracts ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKFRS 3 | Definition of a Business ⁴ |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform ¹ |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material ¹ |

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date not yet determined

⁴ Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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 unaudited consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

Amendments to HKAS 1 and HKAS 8 are effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The directors expect that the amendments have no material impact on the Group's unaudited consolidated financial statements.

3. BASIS OF PREPARATION

These unaudited annual consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong.

The unaudited consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the GEM Listing Rules.

The unaudited consolidated financial statements have been prepared under the historical cost basis except for financial asset at fair value through other comprehensive income (“FVOCI”) which is stated at fair value.

The unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

4. REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|---|--|--|
| Sales of motor vehicles | 1,487,371 | 1,502,280 |
| Servicing of motor vehicles and sales of auto parts | 707,686 | 684,500 |
| Technical fee income | 10,086 | 8,929 |
| Car rental income | 30,190 | — |
| Revenue from contracts with customers | <u>2,235,333</u> | <u>2,195,709</u> |
| Rental income: | | |
| Car rental income | <u>—</u> | <u>29,386</u> |
| Total revenue | <u><u>2,235,333</u></u> | <u><u>2,225,095</u></u> |

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 product lines and geographical market:

| | 2019 <i>HK\$'000</i> (unaudited) | 2018 <i>HK\$'000</i> (audited) |
|---|--|--------------------------------------|
| Types of goods and services | | |
| Sales of motor vehicles | 1,487,371 | 1,502,280 |
| Servicing of motor vehicles and sales of auto parts | 707,686 | 684,500 |
| Technical service | 10,086 | 8,929 |
| Car rental income | 30,190 | — |
| Total | 2,235,333 | 2,195,709 |
| Timing of revenue recognition | | |
| At a point in time | 2,205,143 | 2,195,709 |
| Over-time | 30,190 | — |
| | 2,235,333 | 2,195,709 |
| Geographical markets | | |
| PRC | 2,205,143 | 2,195,709 |
| Hong Kong | 30,190 | — |
| | 2,235,333 | 2,195,709 |
| Type of customers | | |
| Corporate | 325,210 | 231,559 |
| Individuals | 1,910,123 | 1,964,150 |
| Total | 2,235,333 | 2,195,709 |

5. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, have identified two operating segments as further described below.

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined based on the Group's major product and service lines.

The Group has identified the following reportable segments:

- Motor vehicle 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 vehicle related business, which includes operations of motor vehicle service shops, sales of auto parts, provision of car-related technical services and other value-added motor vehicles services; and
- Car rental business

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

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its unaudited consolidated financial statements prepared under HKFRSs, except for the income tax and corporate income and expenses including certain finance costs which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude corporate assets that are not directly attributable to business activities of any operating segment, which primarily applies to the Group's headquarters.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

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

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

| | 2019 | | |
|--|---|---|---|
| | Motor vehicle sales and services business HK\$'000 (unaudited) | Car rental business HK\$'000 (unaudited) | Total HK\$'000 (unaudited) |
| Reportable segment revenue | 2,205,143 | 30,190 | 2,235,333 |
| Reportable segment profit | 74,935 | 4,481 | 79,416 |
| Other information | | | |
| Depreciation and amortisation | (43,279) | (15,869) | (59,148) |
| (Loss)/Gain on disposal of property, plant and equipment | (83) | 2,908 | 2,825 |
| Written-off of property, plant and equipment | (8,858) | – | (8,858) |
| Expected credit losses ("ECL") allowance on trade receivables | (3,300) | – | (3,300) |
| Additions to non-current assets (other than deferred tax assets and financial instruments) during the year | 69,878 | 24,748 | 94,626 |

| | 2018 | | |
|--|--|--|---------------------------------------|
| | Motor vehicle sales and services business <i>HK\$'000</i> (audited) | Car rental business <i>HK\$'000</i> (audited) | Total <i>HK\$'000</i> (audited) |
| Reportable segment revenue | <u>2,195,709</u> | <u>29,386</u> | <u>2,225,095</u> |
| Reportable segment profit | <u>53,363</u> | <u>5,576</u> | <u>58,939</u> |
| Other information | | | |
| Depreciation and amortisation | (34,387) | (14,783) | (49,170) |
| Gain on disposal of property, plant and equipment | 528 | 2,602 | 3,130 |
| ECL allowance on trade receivables | (39) | – | (39) |
| Additions to non-current assets (other than deferred tax assets and financial instruments) during the year | <u>22,010</u> | <u>23,570</u> | <u>45,580</u> |

(b) Segment assets and liabilities

| | 2019 | | |
|--------------------------------|--|--|---|
| | Motor vehicle sales and services business <i>HK\$'000</i> (unaudited) | Car rental business <i>HK\$'000</i> (unaudited) | Total <i>HK\$'000</i> (unaudited) |
| Reportable segment assets | <u>1,298,048</u> | <u>56,872</u> | <u>1,354,920</u> |
| Reportable segment liabilities | <u>817,406</u> | <u>23,049</u> | <u>840,455</u> |

| | 2018 | | |
|--------------------------------|---|--|---------------------------------------|
| | Motor vehicle sales and services business <i>HK\$'000</i> (audited) | Car rental business <i>HK\$'000</i> (audited) | Total <i>HK\$'000</i> (audited) |
| Reportable segment assets | <u>1,278,619</u> | <u>48,582</u> | <u>1,327,201</u> |
| Reportable segment liabilities | <u>818,140</u> | <u>24,952</u> | <u>843,092</u> |

(c) **Reconciliation of segment information to the Group's key financial figures as presented in the consolidated financial statements:**

| | 2019 <i>HK\$'000</i> (unaudited) | 2018 <i>HK\$'000</i> (audited) |
|---|--|--------------------------------------|
| Reportable segment revenue | <u>2,235,333</u> | <u>2,225,095</u> |
| Reportable segment profit | 79,416 | 58,939 |
| Unallocated corporate income | 3,312 | 7,902 |
| Unallocated corporate expenses | | |
| Depreciation and amortisation | (2,743) | (1,668) |
| Employee benefit expenses | (6,235) | (6,197) |
| Others | (12,467) | (18,141) |
| Unallocated finance costs | <u>(3,786)</u> | <u>(2,939)</u> |
| Profit before income tax | <u>57,497</u> | <u>37,896</u> |
| Reportable segment assets | 1,354,920 | 1,327,201 |
| Non-current corporate assets (<i>note (i)</i>) | 8,678 | 10,521 |
| Current corporate assets (<i>note (ii)</i>) | <u>234,500</u> | <u>220,595</u> |
| Consolidated total assets | <u>1,598,098</u> | <u>1,558,317</u> |
| Reportable segment liabilities | 840,455 | 843,092 |
| Non-current corporate liabilities (<i>note (iii)</i>) | 17,040 | 17,701 |
| Current corporate liabilities (<i>note (iv)</i>) | <u>119,397</u> | <u>95,312</u> |
| Consolidated total liabilities | <u>976,892</u> | <u>956,105</u> |

Notes:

- (i) Non-current corporate assets mainly include certain property, plant and equipment, certain right-of-use assets deferred tax assets and financial asset at FVOCI that are not directly attributable to the business activities of the operating segments.
- (ii) Current corporate assets mainly include certain right-of-use assets, 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 operating segments or that are managed on group basis.
- (iii) Non-current corporate liabilities include deferred tax liabilities and certain lease liabilities/finance lease liabilities that are not directly attributable to the business activities of the operating segments.
- (iv) Current corporate liabilities include certain accruals and other payables, certain borrowings, certain lease liabilities, amount due to a related company, advance from a director and tax payables that are not directly attributable to the business activities of the operating segments or that are managed on group basis.

(d) Geographical segments

The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

| | Revenue from external customers | | Non-current assets (other than deferred tax assets and financial instruments) | |
|-----------|---------------------------------|-------------------------------|---|-------------------------------|
| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
| Singapore | – | – | 19,541 | 5,895 |
| PRC | 2,205,143 | 2,195,709 | 422,522 | 336,029 |
| Hong Kong | 30,190 | 29,386 | 51,577 | 43,532 |
| | <u>2,235,333</u> | <u>2,225,095</u> | <u>493,640</u> | <u>385,456</u> |

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets or the location of operations.

For the years ended 31 December 2019 and 2018, no revenue from a single customer accounted for 10% or more of the Group's revenue.

6. OTHER INCOME

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|---|---------------------------------|-------------------------------|
| Bank interest income | 1,267 | 1,308 |
| Financial guarantee income | 1,164 | 451 |
| Commission income | 14,806 | 14,067 |
| Consultant service income | 19,844 | 18,442 |
| Gain on disposal of property, plant and equipment | 2,825 | 3,130 |
| Government grants* | 261 | 689 |
| Sundry income | 4,065 | 4,312 |
| | <u>44,232</u> | <u>42,399</u> |

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

7. PROFIT BEFORE INCOME TAX

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

7.1 Cost of inventories

| | 2019 <i>HK\$'000</i> (unaudited) | 2018 <i>HK\$'000</i> (audited) |
|---|--|--------------------------------------|
| Changes in inventories | | |
| Motor vehicles | 12,854 | (72,969) |
| Auto parts and accessories | <u>(14,181)</u> | <u>(15,850)</u> |
| | <u>(1,327)</u> | <u>(88,819)</u> |
| Auto parts and accessories, and motor vehicles purchased | | |
| Motor vehicles | 1,507,058 | 1,579,792 |
| Auto parts and accessories | <u>396,036</u> | <u>409,995</u> |
| | <u>1,903,094</u> | <u>1,989,787</u> |
| | <u><u>1,901,767</u></u> | <u><u>1,900,968</u></u> |

7.2 Finance costs

| | 2019 <i>HK\$'000</i> (unaudited) | 2018 <i>HK\$'000</i> (audited) |
|---|--|--------------------------------------|
| Interest charges on bank and other borrowings | 29,878 | 38,604 |
| Finance charges on lease liabilities (2018: Interest element of finance lease payments) | <u>7,167</u> | <u>888</u> |
| | <u><u>37,045</u></u> | <u><u>39,492</u></u> |

7.3 Other items

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|---|---------------------------------|-------------------------------|
| Auditor's remuneration | 1,070 | 1,083 |
| Lease charges: | | |
| Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 | 6,778 | – |
| Leases of low value items | 14 | – |
| Total lease charges | 6,792 | – |
| Depreciation of property, plant and equipment* | | |
| Owned assets | 33,617 | 45,241 |
| Right-of-use assets (including prepaid lease payments upon initial adoption of HKFRS 16) | 26,000 | – |
| Total depreciation | 59,617 | 45,241 |
| Amortisation of intangible asset | 2,274 | 2,367 |
| Written-off of property, plant and equipment | 8,858 | – |
| Amortisation of leasehold land | – | 2,759 |
| Amortisation of prepaid expenses | – | 471 |
| Financial guarantee expenses | 731 | – |
| ECL allowance on trade receivables | 3,300 | 39 |

* Amount included depreciation charge of HK\$26,000,000 (2018: HK\$5,404,000) for the Group's right-of-use assets/ assets held under finance leases.

8. INCOME TAX EXPENSE

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year. Hong Kong profits tax has not been provided as the Group had no assessable profit for the year. For the year ended 31 December 2018, one subsidiary of the Group is a qualifying corporation under the two-tiered profits tax rates regime. 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%.

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

The income tax provision in respect of operations in the PRC is calculated at the applicable rates on the estimated assessable profits for the year based on the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25% (2018: 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% (2018: 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% (2018: 5%).

Income tax in respect of operations in Singapore has not been provided for the years ended 31 December 2019 and 2018 as the Company's Singapore subsidiary has no assessable profits for the years.

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|---------------------------------|--|-------------------------------|
| Current tax – Hong Kong | | |
| Charge for the year | – | 48 |
| Over-provision in prior years | <u>(20)</u> | <u>–</u> |
| | (20) | 48 |
| Current tax – Overseas | | |
| Charge for the year | 28,375 | 22,316 |
| Over-provision in prior years | <u>–</u> | <u>(5,738)</u> |
| Current tax – total | 28,355 | 16,626 |
| Deferred tax | <u>2,263</u> | <u>(717)</u> |
| Total income tax expense | <u>30,618</u> | <u>15,909</u> |

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the owners of the Company for the year of approximately HK\$26,879,000 (2018: HK\$21,987,000) and on the weighted average number of 476,300,000 (2018: 476,300,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2019 and 2018 are the same as the basic earnings per share as there was no dilutive potential ordinary share for the years ended 31 December 2019 and 2018.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: nil).

11. TRADE RECEIVABLES

At the end of the reporting period, the ageing analysis of trade receivables, based on invoice date, was as follows:

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|---------------------|--|--|
| 0 – 90 days | 105,569 | 82,192 |
| 91 – 180 days | 22,937 | 33,926 |
| 181 – 365 days | 7,182 | 9,339 |
| Over 1 year | 439 | 3,509 |
| | <hr/> | <hr/> |
| | 136,127 | 128,966 |
| Less: ECL allowance | (3,809) | (509) |
| | <hr/> | <hr/> |
| | 132,318 | 128,457 |
| | <hr/> | <hr/> |

The Group requires individual customers to pay cash for any service rendered and goods sold while it generally allows a credit period of 3 to 9 months to its major customers with long business relationship.

12. TRADE AND BILLS PAYABLES

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|----------------|--|--|
| Trade payables | 72,175 | 54,295 |
| Bills payable | 110,351 | 222,415 |
| | <hr/> | <hr/> |
| | 182,526 | 276,710 |
| | <hr/> | <hr/> |

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

| | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (audited) |
|----------------|--|--|
| 0 – 30 days | 80,712 | 35,859 |
| 31 – 180 days | 73,221 | 215,100 |
| 181 – 365 days | 18,954 | 24,075 |
| 1 – 2 years | 8,012 | 619 |
| Over 2 years | 1,627 | 1,057 |
| | <hr/> | <hr/> |
| | 182,526 | 276,710 |
| | <hr/> | <hr/> |

The carrying amounts of trade and bills payables as at 31 December 2019 and 2018 were considered to be a reasonable approximation of their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2019, the unaudited consolidated revenue increased slightly from HK\$2,225,095,000 for the year ended 31 December 2018 to HK\$2,235,333,000 for the year ended 31 December 2019. The profit from operations for the year ended 31 December 2019 was HK\$94,542,000, representing an 22.2% increase compared to HK\$77,388,000 in 2018. The increase in the profit from operations was mainly due to (i) slightly increase in gross operating profit; and (ii) effective cost control reflected in operating expenses.

Sales of Motor Vehicles

Sales of motor vehicles decreased slightly from HK\$1,502,280,000 for the year ended 31 December 2018 to HK\$1,487,371,000 for the year ended 31 December 2019. Sales of motor vehicles accounted for 66.5% (2018: 67.5%) of the total revenue of the Group for the year ended 31 December 2019.

Servicing of Motor Vehicles and Sales of Auto Parts

Revenue generated from servicing of motor vehicles and sales of auto parts increased by 3.4% from HK\$684,500,000 for the year ended 31 December 2018 to HK\$707,686,000 for the year ended 31 December 2019. The increase was driven; by (i) the increase in number of servicing of motor vehicles orders in the Fuzhou and Xiamen areas and (ii) startup of a new branch of our repair workshop in Xiamen.

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 year ended 31 December 2019 was HK\$10,086,000, representing an increase of 13.0% compared to the year ended 31 December 2018 as car manufacturers continue to localise their production in the PRC and more PRC locally assembled BMW motor vehicles were sold by Xiamen Zhong Bao in 2019.

Car Rental Business

The income from car rental business in Hong Kong for the year ended 31 December 2019 was HK\$30,190,000, representing a slight increase of 2.7% compared to the year ended 31 December 2018.

FINANCIAL REVIEW

Gross Operating Profit and Gross Operating Margin

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

The gross operating profit for the year ended 31 December 2019 increased slightly by 2.9% to HK\$333,566,000, as compared to HK\$324,127,000 for the year ended 31 December 2018.

The gross operating margin remained stable at approximately 14.9% and 14.6% for the years ended 31 December 2019 and 2018, respectively.

Other Income

Other income increased by 4.3% from HK\$42,399,000 for the year ended 31 December 2018 to HK\$44,232,000 for the year ended 31 December 2019, mainly due to increase in consultancy service income during the year ended 31 December 2019.

Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$130,666,000 for the year ended 31 December 2019, representing a 8.8% decrease as compared to HK\$143,300,000 for the year ended 31 December 2018. This was mainly due to decrease in staff bonus for the year ended 31 December 2019 as compared to the year ended 31 December 2018.

Depreciation and Amortisation

Depreciation and amortisation expenses increased from HK\$50,838,000 for the year ended 31 December 2018 to HK\$61,891,000 for the year ended 31 December 2019. This was mainly due to the adoption of new HKFRS 16 during the year ended 31 December 2019 as described in note 2.1 to the unaudited consolidated financial statements. By adopting the new HKFRS 16, the rental expenses previously recognised under “lease charges” are now recognised as right-of-use assets and amortised over their lease-terms under the category of “depreciation and amortisation”.

Lease Charges

Lease charges decreased from HK\$16,682,000 for the year ended 31 December 2018 to HK\$6,792,000 for the year ended 31 December 2019. The decrease was mainly due to the adoption of HKFRS 16 during the year ended 31 December 2019. By adopting the new HKFRS 16, the rental expenses previously recognised under “lease charges” are now recognised as right-of-use assets and amortise over their lease-terms under the category of “depreciation and amortisation”.

Foreign Exchange Exposure

For the year ended 31 December 2019, there was an exchange loss of approximately HK\$1,262,000 (2018: HK\$309,000), which mainly resulted from the translation of receivables and payables which are denominated in foreign currencies other than the functional currencies of the group companies.

Other Expenses

Other expenses during the year ended 31 December 2019 were HK\$82,645,000, representing an increase of 5.9% compared to HK\$78,009,000 for the year ended 31 December 2018. The increase was mainly due to increase in ECL of trade receivable for the year ended 31 December 2019.

Finance Costs

Finance costs decreased from HK\$39,492,000 for the year ended 31 December 2018 to HK\$37,045,000 for the year ended 31 December 2019 primarily due to the decrease in borrowings and bills payables during the year ended 31 December 2019.

Income Tax Expense

Income tax expense during the year ended 31 December 2019 was HK\$30,618,000, representing an increase of HK\$14,709,000 as compared with HK\$15,909,000 for the year ended 31 December 2018, mainly due to increase in profit before income tax for the year.

Financial Resources and Liquidity

As at 31 December 2019, shareholders' fund of the Group amounted to HK\$621,206,000 (2018: HK\$602,212,000). Current assets of the Group amounted to HK\$1,096,423,000 (2018: HK\$1,162,834,000), of which HK\$231,765,000 (2018: HK\$212,768,000) were cash and bank balances and pledged deposits. Current liabilities of the Group amounted to HK\$822,572,000 (2018: HK\$933,389,000), mainly represented trade payables, bills payable, borrowings, contract liabilities, accruals and other payables and current portion of lease liabilities under new HKFRS 16. The Group had non-current liabilities of approximately HK\$154,320,000 (2018: HK\$22,716,000) and mainly represents the non-current portion of lease liabilities recognised under new HKFRS 16. The net asset value per share as at 31 December 2019 was HK\$1.30 (2018: HK\$1.26).

Capital Structure of the Group

During the year ended 31 December 2019, the Group had no debt securities in issue (2018: nil).

The Group obtained funding mainly from bank and other borrowings. They are mainly denominated in Hong Kong dollars and Renminbi ("RMB"). As at 31 December 2019, the Group has available unutilised banking facilities of approximately HK\$348,242,000 (2018: HK\$241,157,000).

Capital Expenditure and Capital Commitments

In 2019, the Group incurred capital expenditure of approximately HK\$35,775,000 (2018: HK\$45,580,000) on acquisition of property, plant and equipment.

As at 31 December 2019, there was commitment contracted but not provided for purchase of property, plant and equipment amounted to approximately HK\$1,330,000 (2018: Nil).

Material Acquisitions and Disposals of Subsidiaries or Affiliated Companies

The Group had no acquisitions and disposals of subsidiaries or affiliated companies during the years ended 31 December 2019 and 2018.

Employees

As at 31 December 2019, the total number of employees of the Group was approximately 816 (2018: 849). For the year ended 31 December 2019, the staff costs including directors' remuneration of the Group amounted to HK\$130,666,000 (2018: HK\$143,300,000), representing 5.8% (2018: 6.4%) of the revenue of the Group. Appropriate staff force is maintained cautiously in accordance with the operational needs and activities of 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.

Charges on Group's Assets

As at 31 December 2019, fixed deposits of HK\$100,585,000 (2018: HK\$119,623,000) were pledged to banks and other financial institutions to secure facilities of the Group while amounts of HK\$15,010,000 (2018: HK\$15,590,000) were pledged to banks as security in favor of one of our suppliers.

As at 31 December 2019, certain motor vehicles and plant and machinery with net carrying amount of approximately HK\$3,780,000 (2018: nil) was pledged as collateral for the other borrowings of the Group.

As at 31 December 2019, building with net carrying amount of approximately HK\$27,537,000 (2018: HK\$30,415,000) was pledged as collateral for the bank borrowings of the Group.

As at 31 December 2019, certain motor vehicles included in right-of-use assets with net carrying amount of approximately HK\$30,261,000 was pledged as collateral for the lease liabilities of the Group.

As at 31 December 2018, certain motor vehicles included in property, plant and equipment held under finance leases of approximately HK\$29,373,000 was pledged to secure the respective borrowings.

As at 31 December 2019, leasehold land included in right-of-use assets with net carrying amounts of approximately HK\$75,288,000 and HK\$2,625,000 were pledged as collateral for the bank borrowings of the Group and Xiamen Zhong Bao respectively.

As at 31 December 2018, leasehold land included in property, plant and equipment with net carrying amounts of approximately HK\$79,750,000 and HK\$2,743,000 were pledged as collateral for the bank borrowings of the Group and Xiamen Zhong Bao respectively.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including bills payable, lease liabilities, short-term and long-term borrowings, as shown in the unaudited consolidated statement of financial position), less cash and bank balances (net debt), divided by total equity, plus net debt. As at 31 December 2019, the Group had a gearing ratio of 0.50 (2018: 0.53).

Contingent Liabilities

As at 31 December 2019, the Group provided guarantees with aggregate principal amounts of approximately HK\$102,672,000 in respect of banking facilities to Zhong Bao Group (2018: HK\$158,599,000).

Subsequent Events

The outbreak of novel coronavirus (“COVID-19”) continues to spread throughout the PRC and to countries across the world.

The COVID-19 has certain impact on the business operations of the Group in particular the supply chain from the PRC as well as the delivery and buy-off process of motor vehicles to certain degree, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic.

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the report, the assessment is still in progress.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 31 December 2019 and up to the date of this announcement.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: nil).

PROSPECT

During the recent outbreak of COVID-19, the PRC government has implemented various measures to maintain public safety in the PRC, including but not limited to, temporary suspension of work in various provinces including Fujian Province, where most of the Group's subsidiaries operate at, extension of the lunar new year holiday, quarantine order to restrict entry to and exit from certain cities, restriction on the number of individual and number of times leaving each household per day etc. With the interruption brought by COVID-19, the Group's financial results in 2020 may be affected due to the general market conditions.

The Directors will continue to assess the impact of the COVID-19 on the Group's operation and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the epidemic. We believe that the outbreak of COVID-19 may only affect the Group temporarily and the operation of the Group will resume to normal gradually over time.

To cope with the impact, the Group will continue to exercise vigilant cost control to improve productivity and uphold quality service to customers and with long-term good relationships with leading automobile suppliers of premium and ultra- luxury brands, the Group endeavours to overcome any hurdle ahead and realize its value to the Shareholders and business partners.

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

None of the Directors and chief executives 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

None of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to participants to 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.

No share option has been granted under the Share Option Scheme in prior years and during the year.

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 the 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 31 December 2019, the Company’s unaudited consolidated total assets were approximately HK\$1,598,098,000.

| | As at 31 December 2019 HK\$’000 (Unaudited) | Assets Ratio (%) | As at 31 December 2018 HK\$’000 (Audited) | Increment as compared to Assets Ratio (%) |
|---|---|---------------------|---|--|
| Guarantees to Zhong Bao Group (note) | <u>102,672</u> | <u>6.4</u> | <u>158,599</u> | <u>N/A</u> |

Relevant advances in comparison to the previous disclosure are shown below:

| | As at 31 December 2019 HK\$’000 (Unaudited) | Assets Ratio (%) | As at 30 September 2019 HK\$’000 (Unaudited) | Increment as compared to Assets Ratio (%) |
|---|---|---------------------|--|--|
| Guarantees to Zhong Bao Group (note) | <u>102,672</u> | <u>6.4</u> | <u>154,151</u> | <u>N/A</u> |

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

The Group entered into a guarantee agreement on 12 November 2019 (the “Guarantee Agreement”) with Xiamen Zhong Bao to replace the previous one entered into in 14 November 2017, which expired on 31 December 2019. Pursuant to the Guarantee Agreement, Xiamen BMW Automobiles Service Co, Ltd.[#] and its immediate holding company, German Automobiles Pte Ltd. will during the period from 1 January 2020 to 31 December 2021 guarantee Xiamen Zhong Bao’s banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB120 million. The Guarantee Agreement and the transactions contemplated thereunder have been approved by shareholders at the Company’s extraordinary general meeting held on 19 December 2019.

Further details for the Guarantee Agreement were set out in the circular of the Company dated 2 December 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2019 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.

The Group has appointed Red Sun Capital Limited as our compliance adviser which will provide advice and guidance to the Group in respect of compliance with the applicable laws and GEM Listing Rules including various requirements relating to directors' duties and internal control. Except for the compliance adviser agreement entered into between the Company and our compliance adviser with effect from 21 May 2018, neither our compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting good corporate governance, with the following objectives: (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of the shareholders, and (iv) the improvement in management of risk and the enhancement of performance by the Group.

The Group has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "Code Provision") throughout the year ended 31 December 2019.

The Board continues to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. The Board and senior management are responsible for performing the corporate governance duties set out in Code Provision D.3.1.

AUDIT COMMITTEE

The Audit Committee was formed on 5 June 2002 and is currently composed of three independent non- executive Directors, 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, (b) to review and supervise the financial reporting process, risk management and internal control system 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. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

During the year 2019 the Audit Committee held four meetings. The Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its risk management and internal control system and has made suggestions to improve them. The Audit Committee has also carried out and discharged its duties set out in the relevant Code Provisions. In the course of doing so, the Audit Committee has met the Company's management, risk management and internal audit teams and external auditor during 2019.

The financial information in this announcement has not been audited or reviewed by the independent auditor of the Company (the "Independent Auditor"), but the Audit Committee has reviewed the unaudited consolidated results of the Group for the year ended 31 December 2019 and is of the opinion that such results complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of this preliminary announcement of the Group's unaudited results for the year ended 31 December 2019 have not been agreed by the Independent Auditor, Grant Thornton Hong Kong Limited. The work performed by the Independent Auditor in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Independent Auditor on this announcement.

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 shares during the year ended 31 December 2019.

DIRECTORS OF THE COMPANY

Executive Directors of the Company as at the date hereof 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 of the Company are Mr. Zhou Ming, Mr. Yuen Kin Pheng and Ms. Guan Xin.

On behalf of the Board
G.A. Holdings Limited
Luo Wan Ju
Chairman

Hong Kong, 23 March 2020

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the company’s website at www.ga-holdings.com.hk.

for identification purpose only