



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 2018**

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

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

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

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This 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.

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	4	2,225,095	2,027,453
Other income	6	<u>42,399</u>	<u>43,824</u>
		2,267,494	2,071,277
Changes in inventories	7.1	88,819	82,185
Auto parts and accessories, and motor vehicles purchased	7.1	(1,989,787)	(1,784,934)
Employee benefit expenses		(143,300)	(130,450)
Depreciation and amortisation		(50,838)	(43,913)
Operating lease charges		(16,682)	(17,186)
Exchange differences, net		(309)	3,910
Other expenses		<u>(78,009)</u>	<u>(82,703)</u>
Profit from operations		77,388	98,186
Finance costs	7.2	<u>(39,492)</u>	<u>(28,213)</u>
Profit before income tax	7	37,896	69,973
Income tax expense	8	<u>(15,909)</u>	<u>(22,444)</u>
Profit for the year		<u>21,987</u>	<u>47,529</u>
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		<u>(30,324)</u>	<u>34,892</u>
Other comprehensive (expense)/income for the year		<u>(30,324)</u>	<u>34,892</u>
Total comprehensive (expense)/income for the year		<u>(8,337)</u>	<u>82,421</u>

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		21,987	46,149
Non-controlling interests		<u>–</u>	<u>1,380</u>
		<u>21,987</u>	<u>47,529</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(8,337)	80,698
Non-controlling interests		<u>–</u>	<u>1,723</u>
		<u>(8,337)</u>	<u>82,421</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	9	<u>4.62</u>	<u>9.69</u>

Consolidated Statement of Financial Position

as at 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		263,886	295,010
Leasehold land		82,493	89,246
Intangible asset		18,256	21,528
Prepaid rental expenses		14,381	15,550
Goodwill		6,440	6,750
Deferred tax assets		1,812	1,864
Financial asset at fair value through other comprehensive income		<u>8,215</u>	<u>—</u>
		395,483	429,948
Current assets			
Inventories		195,888	284,707
Trade receivables	11	128,457	91,497
Prepayments, deposits and other receivables		621,626	479,817
Tax recoverable		4,095	4,261
Pledged deposits		135,213	111,418
Cash and bank balances		<u>77,555</u>	<u>136,024</u>
		1,162,834	1,107,724
Current liabilities			
Trade payables	12	54,295	46,779
Contract liabilities		67,971	—
Accruals and other payables		38,079	121,080
Bills payable	12	222,415	157,355
Borrowings		516,689	541,127
Amounts due to related companies		280	294
Advance from a director		1,007	531
Tax payable		<u>32,653</u>	<u>37,494</u>
		933,389	904,660
Net current assets		<u>229,445</u>	<u>203,064</u>
Total assets less current liabilities		<u>624,928</u>	<u>633,012</u>

	2018 <i>HK\$'000</i>	2017 HK\$'000
Non-current liabilities		
Borrowings	6,129	4,150
Deferred tax liabilities	<u>16,587</u>	<u>17,843</u>
	<u>22,716</u>	<u>21,993</u>
Net assets	<u><u>602,212</u></u>	<u><u>611,019</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	47,630	47,630
Reserves	<u>554,582</u>	<u>563,389</u>
	602,212	611,019
Non-controlling interests	<u>—</u>	<u>—</u>
Total equity	<u><u>602,212</u></u>	<u><u>611,019</u></u>

Notes:

1. GENERAL INFORMATION

G.A. Holdings Limited (the “Company”) 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 the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (the “Group”) 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 2018

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 consolidated financial statements for the annual period beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 1	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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 9 “Financial Instruments”

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

When adopting HKFRS 9, the Group has applied the standard retrospectively to items that existed at 1 January 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits.

There have been no changes to the classification or measurement of financial assets and financial liabilities as a result of the application of HKFRS 9. All financial assets and financial liabilities previously measured at amortised cost under HKAS 39 are continued to be measured at amortised cost under HKFRS 9.

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including trade receivables, deposits and other receivables, pledged deposits and cash and bank balances).

For trade receivables, the Group applies a simplified model of recognising lifetime ECL as these items do not have a significant financing component. For other financial assets, the Group applies a general approach of recognising ECL.

Upon the adoption of HKFRS 9, the Group recognised additional ECL on the Group’s trade receivables of HK\$470,000, which resulted in a decrease in retained profits of HK\$470,000 as at 1 January 2018.

The following table reconciles the provision of impairment determined in accordance with HKAS 39 as at 31 December 2017 with the opening ECL allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	<i>HK\$’000</i>
Provision of impairment at 31 December 2017 under HKAS 39	–
Additional ECL recognised at 1 January 2018 on trade receivables	<u>470</u>
ECL allowance at 1 January 2018 under HKFRS 9	<u><u>470</u></u>

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 “Revenue from Contracts with Customers” and the related “Clarifications to HKFRS 15 Revenue from Contracts with Customers” (hereinafter referred to as “HKFRS 15”) replace HKAS 18 “Revenue”, HKAS 11 “Construction Contracts”, and several revenue-related Interpretations.

The Group has elected to use the cumulative effect transition method, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18.

In accordance with the transition guidance under HKFRS 15, the Group has only been applied to contracts that are incomplete as at 1 January 2018.

Summary of nature and effect of the changes on previous accounting policies are set out below:

i. Timing of revenue recognition

Previously, revenue from sales of motor vehicles and auto parts was recognised upon transfer of the significant risks and rewards of ownership to the customer, whereas revenue arising from servicing of motor vehicles and provision of technical service was recognised when the relevant services were rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from motor vehicle sales and services business and car rental business.

ii. Presentation of contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

At the date of initial application of HKFRS 15, advances from customers of HK\$83,837,000 in respect of motor vehicle sales and servicing contracts previously included in accruals and other payables were reclassified to contract liabilities for HK\$83,837,000.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amount under HKAS 18 at 31 December 2017 <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	Carrying amount under HKFRS 15 at 1 January 2018 <i>HK\$'000</i>
Current liabilities			
Accruals and other payables	83,837	(83,837)	–
Contract liabilities	<u>–</u>	<u>83,837</u>	<u>83,837</u>

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) <i>HK\$'000</i>	Hypothetical amounts under HKAS 18 (B) <i>HK\$'000</i>	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A) – (B) <i>HK\$'000</i>
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Current liabilities			
Accruals and other payables	–	(67,971)	67,971
Contract liabilities	<u>(67,971)</u>	<u>–</u>	<u>(67,971)</u>

2.2 Issued but not yet effective HKFRSs

At the date of authorisation of these 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 16	Leases ¹
HKFRS 17	Insurance Contract ³
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

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

⁵ Effective date not yet determined

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 consolidated financial statements.

HKFRS 16 “Leases”

HKFRS 16 replaced HKAS 17 “Leases” and three related Interpretations.

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a lease liability and a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply

this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of office premises, car parks, furniture and equipment and motor vehicles and other assets which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. Accordingly, the Group's lease contracts will continue to be accounted for as a lease arrangement.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 on 1 January 2019 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information will not be restated. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group plans to use the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease. As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$159,087,000 for office premises, car parks, furniture and equipment and motor vehicles, the majority of which are payable between 1 to 15 years after the reporting date.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

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 consolidated financial statements.

3. BASIS OF PREPARATION

These 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 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 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 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Sales of motor vehicles	1,502,280	1,465,175
Servicing of motor vehicles and sales of auto parts	684,500	528,335
Technical fee income	<u>8,929</u>	<u>7,577</u>
Revenue from contracts with customers	<u>2,195,709</u>	<u>2,001,087</u>
Car rental income	<u>29,386</u>	<u>26,366</u>
Total revenue	<u>2,225,095</u>	<u>2,027,453</u>

For the year ended 31 December 2018

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:

	For the year ended 31 December 2018 Motor vehicles sales and services business <i>HK\$'000</i>
Segments	
Types of goods and services	
Sales of motor vehicles	1,502,280
Servicing of motor vehicles and sales of auto parts	684,500
Technical service	<u>8,929</u>
Total	<u>2,195,709</u>
Timing of revenue recognition	
At a point in time	<u>2,195,709</u>
Geographical markets	
The People's Republic of China (the "PRC")	<u>2,195,709</u>
Type of customers	
Corporate	231,559
Individuals	<u>1,964,150</u>
Total	<u>2,195,709</u>

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 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

	2018		
	Motor vehicle sales and services business HK\$'000	Car rental business HK\$'000	Total HK\$'000
Reportable segment revenue	<u>2,195,709</u>	<u>29,386</u>	<u>2,225,095</u>
Reportable segment profit	<u>51,695</u>	<u>5,576</u>	<u>57,271</u>
Other information			
Depreciation and amortisation of non-current assets	(36,055)	(14,783)	(50,838)
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>
	2017		
	Motor vehicle sales and services business HK\$'000	Car rental business HK\$'000	Total HK\$'000
Reportable segment revenue	<u>2,001,087</u>	<u>26,366</u>	<u>2,027,453</u>
Reportable segment profit	<u>72,761</u>	<u>3,595</u>	<u>76,356</u>
Other information			
Depreciation and amortisation of non-current assets	(31,388)	(12,525)	(43,913)
Gain on disposal of property, plant and equipment	970	1,430	2,400
Reversal of impairment loss on trade receivables	347	–	347
Additions to non-current assets (other than deferred tax assets and financial instruments) during the year	<u>45,374</u>	<u>17,525</u>	<u>62,899</u>

(b) Segment assets and liabilities

	2018		
	Motor vehicle sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
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>
	2017		
	Motor vehicle sales and services business <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	<u>1,218,761</u>	<u>42,929</u>	<u>1,261,690</u>
Reportable segment liabilities	<u>788,076</u>	<u>14,670</u>	<u>802,746</u>

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Reportable segment revenue	<u>2,225,095</u>	<u>2,027,453</u>
Reportable segment profit	57,271	76,356
Unallocated corporate income	7,902	10,397
Unallocated corporate expenses		
Employee benefit expenses	(1,313)	(1,361)
Others	(23,025)	(14,201)
Unallocated finance costs	<u>(2,939)</u>	<u>(1,218)</u>
Profit before income tax	<u>37,896</u>	<u>69,973</u>
Reportable segment assets	1,327,201	1,261,690
Non-current corporate assets (<i>note (i)</i>)	10,521	2,362
Current corporate assets (<i>note (ii)</i>)	<u>220,595</u>	<u>273,620</u>
Consolidated total assets	<u>1,558,317</u>	<u>1,537,672</u>
Reportable segment liabilities	843,092	802,746
Non-current corporate liabilities (<i>note (iii)</i>)	17,701	18,006
Current corporate liabilities (<i>note (iv)</i>)	<u>95,312</u>	<u>105,901</u>
Consolidated total liabilities	<u>956,105</u>	<u>926,653</u>

Notes:

- (i) Non-current corporate assets mainly include certain property, plant and equipment, 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 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 finance lease liabilities (included in borrowings) 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, amounts due to related companies, 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)	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Singapore	–	–	5,895	4,927
PRC	2,195,709	2,001,087	344,244	385,643
Hong Kong	29,386	26,366	43,532	37,514
	<u>2,225,095</u>	<u>2,027,453</u>	<u>393,671</u>	<u>428,084</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 2018 and 2017, no revenue from a single customer accounted for 10% or more of the Group's revenue.

6. OTHER INCOME

	2018	2017
	HK\$'000	HK\$'000
Bank interest income	1,308	1,344
Financial guarantee income	451	2,575
Commission income	14,067	18,447
Consultant service income	18,442	14,980
Gain on disposal of property, plant and equipment	3,130	2,400
Government grants*	689	516
Reversal of impairment loss on trade receivables	–	347
Sundry income	4,312	3,215
	<u>42,399</u>	<u>43,824</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 charging/(crediting):

7.1 Cost of inventories

	2018 HK\$'000	2017 HK\$'000
Changes in inventories		
Motor vehicles	(72,969)	(84,394)
Auto parts and accessories	<u>(15,850)</u>	<u>2,209</u>
	<u>(88,819)</u>	<u>(82,185)</u>
Auto parts and accessories, and motor vehicles purchased		
Motor vehicles	1,579,792	1,515,248
Auto parts and accessories	<u>409,995</u>	<u>269,686</u>
	<u>1,989,787</u>	<u>1,784,934</u>
	<u><u>1,900,968</u></u>	<u><u>1,702,749</u></u>

7.2 Finance costs

	2018 HK\$'000	2017 HK\$'000
Interest charges on bank and other borrowings	38,604	27,513
Interest element of finance lease payments	<u>888</u>	<u>700</u>
	<u><u>39,492</u></u>	<u><u>28,213</u></u>

7.3 Other items

	2018 HK\$'000	2017 HK\$'000
Auditor's remuneration	1,083	1,030
Depreciation of property, plant and equipment*	45,241	38,703
Amortisation of intangible asset	2,367	2,313
Gain on disposal of property, plant and equipment	(3,130)	(2,400)
Amortisation of leasehold land	2,759	2,430
Amortisation of prepaid rental expenses	471	467
Financial guarantee expenses	–	1,850
Reversal of impairment loss on trade receivables	–	(347)
ECL allowance on trade receivables	<u>39</u>	<u>–</u>

* Amount included depreciation charge of HK\$5,404,000 (2017: HK\$4,633,000) for the Group's assets held under finance leases.

8. INCOME TAX EXPENSE

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

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the year ended 31 December 2018, Hong Kong profits tax of the Company is calculated in accordance with the two-tiered profits tax rates regime.

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% (2017: 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% 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%.

Income tax in respect of operations in Singapore has not been provided for the years ended 31 December 2018 and 2017 as the Company’s Singapore subsidiary has no assessable profits for the years.

	2018 HK\$'000	2017 HK\$'000
Current tax – Hong Kong		
Charge for the year	48	–
Over-provision in prior years	–	(20)
Current tax – Overseas		
Charge for the year	22,316	24,460
Over-provision in prior years	(5,738)	–
Current tax – total	16,626	24,440
Deferred tax	(717)	(1,996)
Total income tax expense	15,909	22,444

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\$21,987,000 (2017: HK\$46,149,000) and on the weighted average number of 476,300,000 (2017: 476,300,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2018 and 2017 are the same as the basic earnings per share as there was no dilutive potential ordinary share for the years ended 31 December 2018 and 2017.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: nil).

11. TRADE RECEIVABLES

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

	2018 HK\$'000	2017 HK\$'000
0 – 90 days	82,192	70,658
91 – 180 days	33,926	9,109
181 – 365 days	9,339	5,798
Over 1 year	<u>3,509</u>	<u>5,932</u>
	128,966	91,497
Less: ECL allowance/Loss allowance	<u>(509)</u>	<u>–</u>
	<u><u>128,457</u></u>	<u><u>91,497</u></u>

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	54,295	46,779
Bills payable	<u>222,415</u>	<u>157,355</u>
	<u>276,710</u>	<u>204,134</u>

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	35,859	82,971
31 – 180 days	215,100	109,195
181 – 365 days	24,075	7,816
1 – 2 years	619	2,788
Over 2 years	<u>1,057</u>	<u>1,364</u>
	<u>276,710</u>	<u>204,134</u>

The carrying amounts of trade and bills payables as at 31 December 2018 and 2017 were considered to be a reasonable approximation of their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2018, the consolidated revenue increased by 9.7% from HK\$2,027,453,000 in 2017 to HK\$2,225,095,000. The increase in revenue was mainly driven by increase in revenue from servicing of motor vehicles and sales of auto parts in 2018. The profit from operations in 2018 was HK\$77,388,000, representing a 21.2% decrease compared to HK\$98,186,000 in 2017. The decrease in the profit from operations was mainly due to (i) decrease in gross operating margin on our car sales and servicing of motor vehicles and sales of auto parts; (ii) increase in operating cost such as employees' benefit expenses and depreciation and amortization expenses and (iii) increase in legal and professional fee due to the proposed transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange.

Sales of Motor Vehicles

Sales of motor vehicles increased by 2.5% from HK\$1,465,175,000 for the year ended 31 December 2017 to HK\$1,502,280,000 for the year ended 31 December 2018. Sales of motor vehicles accounted for 67.5% (2017: 72.3%) of the total revenue of the Group in 2018. The decrease was mainly because the increase in the revenue from servicing of motor vehicles and sales of auto parts in 2018 was at a faster pace than the increase in sales of motor vehicles.

Servicing of Motor Vehicles and Sales of Auto Parts

Revenue generated from servicing of motor vehicles and sales of auto parts increased by 29.6% to HK\$684,500,000 compared to 2017. The increase was driven by the increase in number of servicing of motor vehicles orders in the Fuzhou and Xiamen areas and the increase in sales of car accessories.

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 2018 was HK\$8,929,000, representing an increase of 17.8% compared to the year ended 31 December 2017 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 2018.

Car Rental Business

The income from car rental business in Hong Kong for the year ended 31 December 2018 was HK\$29,386,000, representing an increase of 11.5% compared to the year ended 31 December 2017 driven by growth in long term lease business.

FINANCIAL REVIEW

The consolidated revenue for the year ended 31 December 2018 increased by 9.7%, from HK\$2,027,453,000 in 2017 to HK\$2,225,095,000. The increase in revenue was mainly driven by increase in revenue from servicing of motor vehicles and sales of auto parts in 2018.

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 2018 amounted to HK\$324,127,000, and was stable compared to the year 2017 which amounted to HK\$324,704,000. The gross operating margin for the year ended 31 December 2018 was 14.6% compared to 16.0% for the year ended 31 December 2017. The decrease in gross operating margin was mainly due to keen competition in the premium and ultra-luxury automobile market and also the falling prices in a ultra-luxury automobile brand.

Other Income

Other income for the year ended 31 December 2018 amounted to HK\$42,399,000, which was stable compared to HK\$43,824,000 for the year ended 31 December 2017.

Employee Benefit Expenses

The Group recorded employee benefit expenses of HK\$143,300,000 for the year ended 31 December 2018, representing a 9.9% increase as compared to HK\$130,450,000 in 2017. This was driven by the increase in sales incentive to motivate the sales force as well as general increase in staff salary in line with market.

Depreciation and Amortisation

Depreciation and amortisation expenses for the year ended 31 December 2018 amounted to HK\$50,838,000, representing an increase of 15.8% compared to HK\$43,913,000 for the year ended 31 December 2017 due to increase in the underlying assets.

Operating Lease Charges

The operating lease charges for the year ended 31 December 2018 amounted to HK\$16,682,000, and representing a decrease of 2.9% compared to HK\$17,186,000 for the year ended 31 December 2017.

Other Expenses

Other expenses during the year ended 31 December 2018 were HK\$78,009,000, representing a decrease of 5.7% compared to HK\$82,703,000 in 2017. The decrease was the net result of the decrease in advertising and promotion fee and the increase in legal and professional fee.

Finance Costs

Finance costs increased from HK\$28,213,000 for the year ended 31 December 2017 to HK\$39,492,000 in 2018 primarily due to increased borrowings since the second half of 2017.

Income Tax Expense

Income tax expense during the year ended 31 December 2018 was HK\$15,909,000 representing a decrease of HK\$6,535,000 as compared with HK\$22,444,000 in 2017, mainly due to decrease in profit before income tax for the year.

Financial Resources and Liquidity

As at 31 December 2018, shareholders' fund of the Group amounted to HK\$602,212,000 (2017: HK\$611,019,000). Current assets of the Group amounted to HK\$1,162,834,000 (2017: HK\$1,107,724,000) of which HK\$212,768,000 (2017: HK\$247,442,000) were cash and bank balances and pledged deposits. Current liabilities of the Group amounted to HK\$933,389,000 (2017: HK\$904,660,000) and mainly represented trade payables, bills payable, borrowings, contract liabilities, accruals and other payables. The Group had non-current liabilities of approximately HK\$22,716,000 (2017: HK\$21,993,000). The net asset value per share as at 31 December 2018 was HK\$1.26 (2017: HK\$1.28).

Capital Structure of the Group

During the year ended 31 December 2018, the Group had no debt securities in issue (2017: 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 2018, the Group has available unutilised banking facilities of approximately HK\$241,157,000 (2017: HK\$395,350,000).

Capital Expenditure and Capital Commitments

In 2018, the Group incurred capital expenditure of approximately HK\$45,580,000 (2017: HK\$62,899,000) on acquisition of property, plant and equipment.

As at 31 December 2018, there is no commitment contracted but not provided for purchase of property, plant and equipment (2017: HK\$4,196,000).

Material Acquisitions and Disposals of Subsidiaries or Affiliated Companies

During the year ended 31 December 2017, the Group acquired additional equity interests of 49% in a non-wholly owned subsidiary, Fuzhou Euro Motors Sales & Services Co., Ltd.,[#] at a consideration of RMB20,000,000 (equivalent to approximately HK\$23,040,000). Further details were set out in the announcements of the Company dated 15 June 2017 and 29 June 2017.

Save for the above acquisitions the Group had no other material acquisitions and disposals of subsidiaries or affiliated companies during the years ended 31 December 2018 and 2017.

Employees

As at 31 December 2018, the total number of employees of the Group was approximately 849 (2017: 896). For the year ended 31 December 2018, the staff costs including directors' remuneration of the Group amounted to HK\$143,300,000 (2017: HK\$130,450,000), representing 6.4% (2017: 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 2018, fixed deposits of HK\$119,623,000 (2017: HK\$94,979,000) were pledged to banks and other financial institutions to secure facilities of the Group while amounts of HK\$15,590,000 (2017: HK\$16,439,000) were pledged to banks as security in favor of one of our suppliers.

In addition to the fixed deposits, leasehold land with carrying amounts of HK\$79,750,000 (2017: HK\$86,307,000) and HK\$2,404,000 (2017: HK\$2,939,000) were pledged to secure banking facilities of the Group and Xiamen Zhong Bao, respectively, as at 31 December 2018.

The net carrying amount of motor vehicles held under finance leases of HK\$29,373,000 (2017: HK\$19,038,000) was also pledged to secure the respective borrowings as at 31 December 2018.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of total borrowings (including bills payable, short-term and long-term borrowings, as shown in the consolidated statement of financial position), less cash and bank balances, divided by total equity, plus net debt. As at 31 December 2018, the Group had a gearing ratio of 0.53 (2017: 0.48).

Foreign Exchange Exposure

During the year ended 31 December 2018, the Group had an exchange loss of approximately HK\$309,000 (2017: exchange gain of approximately HK\$3,910,000), mainly resulted from the depreciation/appreciation of Renminbi against Hong Kong dollars during the year.

Contingent Liabilities

As at 31 December 2018, the Group provided guarantees with aggregate principal amounts of approximately HK\$158,599,000 in respect of banking facilities to Zhong Bao Group (2017: HK\$166,244,000).

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: nil).

PROSPECT

Looking ahead in 2019, the continued macroeconomic downturn and uncertainty of Sino-US trade conflicts will still continue to affect the automobile market. To cope with the impact, the Company will continue to exercise vigilant cost control to improve productivity and uphold quality service to customers. With long-term good relationships with leading automobile suppliers of premium and ultra-luxury brands, the Group is well confident to further improve its profitability while capitalising on the steady growth of the automotive industry in the PRC and bring value to its stakeholders in the long run.

The Group continues to strive for growths through organic development and acquisitions or joint ventures.

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 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.

No share option has been granted under the Share Option Scheme 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 2018, the Company’s consolidated total assets were approximately HK\$1,558,317,000.

	(Audited) As at 31 December 2018 HK\$’000	Assets Ratio (%)	(Audited) As at 31 December 2017 HK\$’000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group (note)	<u>158,599</u>	<u>10.2</u>	<u>166,244</u>	<u>N/A</u>

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

	(Audited) As at 31 December 2018 HK\$’000	Assets Ratio (%)	(Unaudited) As at 30 September 2018 HK\$’000	Increment as compared to Assets Ratio (%)
Guarantees to Zhong Bao Group (note)	<u>158,599</u>	<u>10.2</u>	<u>157,904</u>	<u>1.4</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 14 November 2017 (the “Guarantee Agreement”) with Xiamen Zhong Bao to replace the previous one entered into in April 2016, which expired on 31 December 2017. 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 2018 to 31 December 2019 guarantee Xiamen Zhong Bao’s banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB160 million. The Guarantee Agreement and the transactions contemplated thereunder have been approved by shareholders at the Company’s extraordinary general meeting held on 29 December 2017.

Further details for the Guarantee Agreement were set out in the circular of the Company dated 12 December 2017 and the announcement of the Company dated 14 November 2017.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2018, 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 2018.

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 four independent non-executive Directors, namely, Mr. Zhou Ming, Mr. Yuen Kin Pheng, Mr. Yin Bin and Ms. Guan Xin. Mr. Zhou Ming is the chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly: (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports, (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 2018, 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 2018. The audited financial results of the Group for the year ended 31 December 2018 have been reviewed by the Audit Committee.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited ("Grant Thornton"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary 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 2018.

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, Mr. Yin Bin and Ms. Guan Xin.

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

Hong Kong, 21 March 2019

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