
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in G.A. Holdings Limited (the “**Company**”), you should at once hand this circular to the purchaser(s) or transferee(s) to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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This circular is not and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

This circular, for which the directors of the Company (the “**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this circular misleading.



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)

**(I) MAJOR TRANSACTION – FACILITIES GUARANTEES
UNDER THE REVISED GUARANTEE AGREEMENT;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company (the “**EGM**”) to be held at 11:00 a.m. on Thursday, 16 June 2016, at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong is set out on pages 31 to 32 of this circular.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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

25 May 2016

CHARACTERISTICS OF GEM

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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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings set out below:

“2015 Circular”	the circular of the Company dated 14 December 2015 in relation to, among other things, the Guarantee Agreement and the transactions contemplated thereunder
“Announcement”	the announcement of the Company dated 29 April 2016 in relation to, among other things, the entering into of the Revised Guarantee Agreement
“BEA”	The Bank of East Asia (China) Limited Xiamen Branch (東亞銀行(中國)有限公司廈門分行)
“Board”	the board of Directors of the Company
“BOC”	Xiamen Branch of Bank of China Limited (中國銀行股份有限公司廈門市分行)
“CITIC Bank”	China CITIC Bank Xiamen Branch (中信銀行股份有限公司廈門分行)
“CMS Bank”	China Minsheng Banking Corporation Limited (中國民生銀行股份有限公司)
“Company”	G. A. Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at 11:00 a.m. on Thursday, 16 June 2016 to consider and if thought fit to approve the Revised Guarantee Agreement and the transactions contemplated thereunder
“Facilities A”	the series of loans, notes, guarantees, and letters of credit entered into by CITIC Bank and Xiamen Zhong Bao prior to 24 May 2015
“Facilities B”	facilities include but not limited to a series of loans, notes, guarantees and letters of credit entered into or may be entered into by CMS Bank and Xiamen Zhong Bao
“Facilities C”	facilities include but not limited to a series of loans, notes, guarantees and letters of credit entered into or may be entered into by BOC and Xiamen Zhong Bao

DEFINITIONS

“Facilities D”	facilities include but not limited to a series of loans, notes, guarantees and letters of credit entered into or may be entered into by BEA and Xiamen Zhong Bao
“Facilities D Framework Agreement”	the framework agreement to be entered into by Xiamen Zhong Bao and BEA by end of June 2016 which governs the terms of the facility agreements in respect of Facilities D
“Facilities D Guarantee Agreement”	the facilities guarantee agreement to be entered into by BEA and Xiamen BMW whereby Xiamen BMW shall provide a facility guarantee to BEA in respect of the Facilities D to be borrowed by Xiamen Zhong Bao from BEA
“Facilities Framework Agreements”	the New Facilities B Framework Agreement, the New Facilities C Framework Agreement and the Facilities D Framework Agreement
“Facilities Guarantee Agreements”	the New Facilities B Guarantee Agreement, the New Facilities C Guarantee Agreements and the Facilities D Guarantee Agreement
“Facilities Guarantees”	the guarantees provided and/or to be provided (as the case may be) by Xiamen BMW and GAPL in favour of Xiamen Zhong Bao under the Revised Guarantee Agreement
“Fuzhou BMW”	Fuzhou BMW Automobiles Service Co., Limited* (福州寶馬汽車服務有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“GAPL”	German Automobiles Pte Ltd, the holding company of Xiamen BMW, a wholly-owned subsidiary of the Company and is a company incorporated in the Republic of Singapore with limited liability
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 18 November 2015 entered into between Xiamen BMW and Xiamen Zhong Bao in respect of the Facilities Guarantees, which is superseded by the Revised Guarantee Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	24 May 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Mr. Zhao”	Mr. Zhao Guiming (趙貴明先生)
“New Facilities B Framework Agreement”	the agreement to be entered into by CMS Bank and Xiamen Zhong Bao which governs the terms of the facility agreements in respect of Facilities B that may be entered into by Xiamen Zhong Bao and CMS Bank after the expiry of the Previous Facilities B Framework Agreement, and for the purpose of renewing the Previous Facilities B Framework Agreement
“New Facilities B Guarantee Agreement”	the facilities guarantee agreement to be entered into by CMS Bank and Xiamen BMW whereby Xiamen BMW shall provide a facility guarantee to CMS Bank in respect of the Facilities B to be borrowed by Xiamen Zhong Bao from CMS Bank
“New Facilities C Framework Agreement”	the agreement to be entered into by BOC and Xiamen Zhong Bao which governs the terms of the facility agreements in respect of Facilities C that may be entered into by Xiamen Zhong Bao and BOC after the expiry of the Previous Facilities C Framework Agreement, and for the purpose of renewing the Previous Facilities C Framework Agreement
“New Facilities C Guarantee Agreement”	the facilities guarantee agreements to be entered into by (i) BOC and Xiamen BMW; and (ii) BOC and GAPL respectively whereby each of Xiamen BMW and GAPL shall provide a facility guarantee to BOC in respect of the Facilities C to be borrowed by Xiamen Zhong Bao from BOC
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	a parcel of leasehold land located at Chaoyang District, Beijing, PRC and the residential building erected thereon, which is owned by GAPL
“Previous Facilities A Framework Agreement”	the framework agreement dated 14 March 2014 entered into by Xiamen Zhong Bao and CITIC Bank and expired in May 2015 which governed the terms of the facility agreements in respect of Facilities A
“Previous Facilities A Guarantee Agreement”	the facilities guarantee agreement entered into by CITIC Bank and Xiamen BMW on 14 March 2014 in respect of Facilities A

DEFINITIONS

“Previous Facilities B Framework Agreement”	the framework agreement dated 2 June 2015 entered into by Xiamen Zhong Bao and CMS Bank expiring in June 2016 which governs the terms of the facility agreements in respect of Facilities B
“Previous Facilities B Guarantee Agreement”	the facilities guarantee agreement entered into by CMS Bank and Xiamen BMW on 2 June 2015 whereby Xiamen BMW agreed to provide a facility guarantee to CMS Bank in respect of Facilities B borrowed by Xiamen Zhong Bao from CMS Bank
“Previous Facilities C Framework Agreement”	the framework agreement dated 22 January 2015 entered into by Xiamen Zhong Bao and BOC expired in January 2016 which governs the terms of the facility agreements in respect of Facilities C
“Revised Guarantee Agreement”	the guarantee agreement dated 29 April 2016 entered into among Xiamen BMW, GAPL and Xiamen Zhong Bao
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen BMW”	Xiamen BMW Automobiles Service Co., Ltd.* (廈門寶馬汽車維修有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of GAPL which in turn is a wholly-owned subsidiary of the Company
“Xiamen Zhong Bao”	Xiamen Zhong Bao Automobiles Co., Ltd.* (廈門中寶汽車有限公司), a company incorporated in the PRC with limited liability and a third party independent of the Company and the connected persons of the Company
“Zhong Bao Group”	Xiamen Zhong Bao and its related companies

For illustration purposes only, an exchange rate of RMB1 to HK\$1.20 has been applied in this circular. No representation is made that any amount in RMB or HK\$ was, could have been or could be converted at such rate or at any other rate or at all.

* for identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Loh Boon Cha (*Chairman*)
Mr. Choy Choong Yew (*Managing Director*)
Mr. Lin Ju Zheng
Mr. Zhang Xi
Mr. Ma Hang Kon, Louis

Independent non-executive Directors:

Mr. Zhou Ming
Mr. Yin Bin
Ms. Song Qi Hong

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

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8 Hysan Avenue
Causeway Bay, Hong Kong

Head office in Singapore:

51 Goldhill Plaza #15-05
Singapore 308900

25 May 2016

To the Shareholders

Dear Sir or Madam,

**(I) MAJOR TRANSACTION – FACILITIES GUARANTEES
UNDER THE REVISED GUARANTEE AGREEMENT;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. Pursuant to the Revised Guarantee Agreement, Xiamen BMW and GAPL will during the period from 29 April 2016 to 31 December 2017 guarantee Xiamen Zhong Bao's banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB170 million (equivalent to approximately HK\$204.0 million), which constitutes a major transaction of the Company and thus is subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, further information relating to the Revised Guarantee Agreement and the transactions contemplated thereunder and other information required by the GEM Listing Rules.

THE REVISED GUARANTEE AGREEMENT

1. The principal terms and conditions of the Revised Guarantee Agreement

Reference is made to the 2015 Circular and the Announcement. On 18 November 2015, Xiamen BMW and Xiamen Zhong Bao entered into the Guarantee Agreement pursuant to which Xiamen BMW agreed to guarantee Xiamen Zhong Bao's banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB190 million (equivalent to approximately HK\$228.0 million) in respect of Facilities A, Facilities B and Facilities C from 1 January 2016 to 31 December 2017. On 29 April 2016 (after trading hours), Xiamen BMW, GAPL and Xiamen Zhong Bao entered into the Revised Guarantee Agreement, pursuant to which Xiamen BMW and GAPL will during the period from 29 April 2016 to 31 December 2017 guarantee Xiamen Zhong Bao's banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB170 million (equivalent to approximately HK\$204.0 million). The Revised Guarantee Agreement shall supersede the Guarantee Agreement.

Please refer to the paragraph headed "2. Reasons for and benefits of the Revised Guarantee Agreement" below in this circular for further details.

Subject to the approval by the Shareholders at the EGM, the Facilities Guarantees under the Revised Guarantee Agreement will be entered into among Xiamen BMW, GAPL and Xiamen Zhong Bao.

The principal terms of the Revised Guarantee Agreement are set out as follows.

Parties

- (a) Xiamen BMW;
- (b) GAPL; and
- (c) Xiamen Zhong Bao

Date

29 April 2016

Period

From 29 April 2016 to 31 December 2017

LETTER FROM THE BOARD

Guarantee amount

The guarantee amount was arrived at based on the estimated maximum aggregate principal amount of banking facilities of RMB150 million and possible interests and charges in any events of default payment to be incurred by Xiamen Zhong Bao under the Facilities Framework Agreements in the ordinary course of its business and guaranteed by Xiamen BMW and GAPL totaling of RMB170 million (equivalent to approximately HK\$204.0 million).

Your attention is drawn to the paragraph headed “3. Estimated maximum amount of interest and fees under the Facilities Guarantees” in this circular for the assumptions and calculations in respect of the maximum amount of interest and fees under the Facilities Guarantees and the analysis of the relevant financial figures.

Please also refer to the paragraph headed “Financial Effect” in Appendix I to this circular for the financial effect of the Facilities Guarantees and the Board’s assessment of Xiamen Zhong Bao’s credit risk. The Board is of the view that the credit risk of Xiamen Zhong Bao is low.

In the event that Xiamen Zhong Bao were to default in the payments of the relevant loans, Xiamen BMW, as a guarantor, will be responsible for repayment of the banking facilities amounted to approximately RMB170 million (equivalent to approximately HK\$204 million) for the amount guaranteed under the Revised Guarantee Agreement and in such case the Company’s liabilities would be increased by approximately RMB170 million (equivalent to approximately HK\$204 million) for the amount guaranteed under the Revised Guarantee Agreement, and the same amount will be charged to the Group’s income statement. In the event that the Group is demanded for the guaranteed amount, the Company intended to settle the same by its internal cash and resources as well as other available financing options including but not limited to bank borrowing. The Group’s gearing ratio (which is the Group’s net debt divided by total capital) as at 31 December 2015 was 5%.

For the year ended 31 December 2015, in connection with the facility guarantee under the guarantee agreement dated 22 December 2014 between Xiamen BMW and Xiamen Zhong Bao, the Company recorded an one-off financial guarantee expense of approximately HK\$2,542,000 upon the granting of each facilities guarantee. Such expense was arrived after taking into account the default risk of the guarantee along the remaining guarantee period and that fact that the guarantee was initially measured at its fair value in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. As at 31 March 2016, the aggregate principal amount guaranteed by the Group in favour of Xiamen Zhong Bao was RMB120 million (equivalent to approximately HK\$144.0 million).

Fees, charges and security

Save for the pledge of the Property (which has a net book value amounted to RMB3.2 million), no fees, charges or security of any kind will be required from either party to the Revised Guarantee Agreement.

LETTER FROM THE BOARD

The Property is a residential property located in Beijing which is currently used as short term accommodation for the Group's employees' business trips from time to time. The Property is not used for the Group's business operations. Taking into account the current use and the net book value of the Property, the Board is of the view that there is no adverse impact on the Group's business operations and there is no material impact on the Group's financial position as a result of the enforcement of the pledge of the Property by BOC if Xiamen Zhong Bao were to default in the payments of Facilities C.

Conditions

The transactions contemplated under the Revised Guarantee Agreement are conditional upon the Shareholders' approval on the same having been obtained at the EGM.

2. Reasons for and benefits of the Revised Guarantee Agreement

The Group's business model

The Group is principally engaged in sales of motor vehicles, provision of car-related technical services and servicing of motor vehicles and sales of auto parts.

As part of the Group's business model since the Company's listing in 2002, the Group has always entered into technical and cooperation agreements with distribution agents for its motor vehicle trading business since in the past, due to certain PRC laws and regulations, foreign companies were not allowed to engage in the business of trading motor vehicles directly in the PRC. The Group has entered into technical and cooperation agreements with local distributors whereas the Group shall provide technical expertise and management service to these distribution agents and they shall pay technical fees to the Group in return, based on the number of motor vehicles sold to the customers in the PRC. The Group had cooperated and entered into agreements with a PRC distributor from January 2000 for a term of 5 years, under which the Group should provide management consultation and technical assistance to such PRC distributor and its distributing agents for the promotion and maintenance of locally manufactured passenger vehicles, in exchange for technical fees. Similar agreements have been entered into between the Group and Zhong Bao Group since 2003 and Zhong Bao Group (including Xiamen Zhong Bao) are currently the only partners cooperating with the Group under the technical and cooperation agreements. Pursuant to the technical and cooperation agreements between the Group and Zhong Bao Group, the Group shall provide technical expertise, financial assistance and management service to Zhong Bao Group and Zhong Bao Group shall pay technical fees to the Group in return based primarily on the number of motor vehicles sold. To the best knowledge of the Directors, the arrangements under the said technical and cooperation agreements between the Group and Zhong Bao Group were in compliance with the relevant PRC laws and regulations. Since the removal of the said foreign restriction over motor vehicles trading in the PRC in 2012, the Group has begun to sell motor vehicles directly to its end customers. The Group had ceased its sales of motor vehicles through its arrangement with Zhong Bao Group since 2014 but has continued to receive technical fees pursuant to the technical and cooperation agreements and generate income in relation to car servicing and sale of auto parts from Zhong Bao Group.

LETTER FROM THE BOARD

During the year ended 31 December 2015, the technical fees received by the Group from Zhong Bao Group under the technical and cooperation agreements in the total of HK\$26,387,000 contributed approximately 5.3% of the Group's total revenue. Xiamen Zhong Bao was also one of the Group's top five customers, contributing more than 6% of the Group's total revenue during the year ended 31 December 2015. The Group generated income from car servicing and sale of auto parts of HK\$26,465,000 and earned technical fee income of HK\$5,573,000 from Xiamen Zhong Bao. Please refer to the paragraph headed "3. Estimated maximum amount of interest and fees under the Facilities Guarantees" below in this circular for the breakdown and the percentages of the revenue contributed by Zhong Bao Group and Xiamen Zhong Bao as compared to the Group's total revenue for the year ended 31 December 2015.

The Group has continued to cooperate with Xiamen Zhong Bao despite the removal of the said foreign restriction over motor vehicles trading in the PRC in 2012 as: (i) the Group has developed a long and stable business relationship of over 12 years with Xiamen Zhong Bao since 2003; (ii) Xiamen Zhong Bao was one of the Group's top five customers with low credit risk and has provided the Group a steady source of income; and (iii) the Group was, and is expected to continue to be, benefited from Xiamen Zhong Bao's local business network and customer base in Xiamen and Fuzhou for the Group's servicing of motor vehicles and sale of auto parts businesses, which both have a higher profit margin than sales of motor vehicles.

The financing arrangements under the technical and cooperation agreements with Zhong Bao Group include making short term advance payments for Zhong Bao Group's daily operations from time to time (subject to the Group's approval and availability) and providing facility guarantees as financing support to Zhong Bao Group for the purchase of motor vehicles from its suppliers which are part and parcel of the terms of the technical and cooperation agreements. Although no consideration will be received by the Group under the Revised Guarantee Agreement, the Group receives technical fees under the technical and cooperation agreements with Zhong Bao Group. It is noted that Xiamen Zhong Bao shall only use the facilities for the purposes stipulated under the Facilities Framework Agreements, for example as its working capital, unless otherwise agreed by the banks. Furthermore, the provision of facility guarantees are related to the Group's principal activities and are complementary to the ordinary and usual course of business of the Group. Other than the facilities guarantees provided to Xiamen Zhong Bao, no similar guarantee is provided by the Group to other customers and third parties.

The background

Reference is made to the 2015 Circular. Following the entering into of the Guarantee Agreement which covered the Facilities A, Facilities B and Facilities C on 18 November 2015, Xiamen Zhong Bao intended to enter into the Facilities D Framework Agreement with BEA by June 2016 in respect of the granting of Facilities D with the principal amount of RMB30 million (equivalent to approximately HK\$36.0 million) in total by BEA, which shall require Xiamen BMW to guarantee the underlying banking facilities.

In respect of Facilities C, after the expiry of the Previous Facilities C Framework Agreement in January 2016, the Group was informed by Xiamen Zhong Bao that it has begun the negotiation with BOC for renewing the Facilities C and the entering into of the New Facility C Framework

LETTER FROM THE BOARD

Agreement whereas, apart from the RMB70 million principal amount of Facilities C and the relevant interests, penalty and facility fee to be guaranteed by the Group, the Group was requested by BOC, as a security, to pledge the Property which is located at Chaoyang District, Beijing, the PRC held by GAPL with a net book value amounted to RMB3.2 million as at 28 February 2016.

In respect of Facilities A with the principal amounted to RMB50 million (equivalent to approximately HK\$60.0 million) in total, Xiamen BMW was informed by Xiamen Zhong Bao that following the expiry of the Previous Facilities A Framework Agreement in May 2015, on 31 December 2015 Xiamen Zhong Bao received a written confirmation from CITIC Bank that CITIC Bank has confirmed there has been no amount outstanding from Xiamen Zhong Bao and agreed to release Xiamen BMW from the guarantee provided under the Previous Facilities A Guarantee Agreement. As such, Xiamen BMW is not required to guarantee for the principal of RMB50 million, interest and fees of the borrowings of Xiamen Zhong Bao under the Previous Facilities A Framework Agreement for the two-year guarantee period commencing from the settlement date of Facilities A which would subsist until May 2017.

In light of the above, Xiamen BMW, GAPL and Xiamen Zhong Bao entered into the Revised Guarantee Agreement to (i) cover the amount to be guaranteed in respect of Facilities D; (ii) include the possible pledge of the Property in respect of Facilities C although it is excepted that no additional exposure and liability will be arising therefrom as the estimated maximum exposure remains at RMB77.77 million (being the principal amount and the relevant interests, penalty and facility fee); and (iii) reflect the release of the guarantee provided by Xiamen BMW in respect of Facilities A. The Group will also be expected to enter into the Facilities Guarantee Agreements.

In respect of Facilities B, Xiamen Zhong Bao as the borrower is expected to renew the banking facilities and will enter into the New Facility B Framework Agreement with CMS Bank after the expiry of the Previous Facilities B Framework Agreement. There is no difference between the guarantee provided by Xiamen BMW in respect of Facilities B under the Revised Guarantee Agreement and the Guarantee Agreement.

It is anticipated that the entry of the Revised Guarantee Agreement, if approved by the Shareholders, will give the Directors the flexibility to during the term of the Revised Guarantee Agreement guarantee Xiamen Zhong Bao's banking facilities to be incurred in its ordinary course of business in a maximum aggregate amount of RMB170 million (equivalent to approximately HK\$204.0 million) without having to seek Shareholders' approval for entering into guarantees expected to be required as and when the underlying facilities agreements expire. The Group has considered and intended to negotiate with Xiamen Zhong Bao in the future, where possible, to reduce the amount to be guaranteed by the Group as well as exploring alternative means of securities or guarantees to be provided by other parties, although it was understood that Zhong Bao Group has also provided guarantee to the banks for its facilities.

Details of the principal terms of the Facilities Framework Agreements are set out in the paragraph headed "4. Details of the New Facilities Framework Agreements" below in this circular.

LETTER FROM THE BOARD

The reasons for and benefits of the Revised Guarantee Agreement

The provision of the facilities guarantees under the Revised Guarantee Agreement will help secure the source of technical service fee income for the Group. It is noted that during the year ended 31 December 2015, the technical fees received by the Group from Zhong Bao Group under the technical and cooperation agreements in the total of HK\$26,387,000 contributed approximately 5.3% of the Group's total revenue. The Board also considers that the Group has been in this business cooperation to provide corporate guarantees for the aforesaid purpose to this business partner and similar corporate guarantees have been granted to the same banks. Taking into account the Group's business model and its long term cooperation with Xiamen Zhong Bao and in view of no fees, charges or securities (save for the pledge of the Property) of any kind are required under the Revised Guarantee Agreement, the Board considers the entry of the Revised Guarantee Agreement promotes and maintains the business relationship with Xiamen Zhong Bao. As part of the Board's assessment on the credit risks in associated with Facility Guarantee, the Board, among other things, annually assesses Xiamen Zhong Bao's turnover of inventory and level of obsolete stock (by assessing the net realizable value and checking whether impairment are required) as well as assesses the ageing analysis of Xiamen Zhong Bao's debtors to ensure the recoverability of the debtors balance. To the best knowledge of the Company, Xiamen Zhong Bao has never been noted for any default in repayment. In light of the above, the Board is of the view that the said steps taken by the Company are sufficient to assess Xiamen Zhong Bao's credit risks and the credit risk in respect of the Xiamen Zhong Bao is low.

In light of the Group's business model and taking into account the low credit risk, previous financial and operation performance of Zhong Bao Group, the estimated maximum exposure and liabilities under the Revised Guarantee Agreement and the financial benefits of the Group's long term cooperation and business relationship with Zhong Bao Group, as well as the value and the current use of the Property, the Board considers that the terms of the Revised Guarantee Agreement are fair and reasonable and the entering into of the Revised Guarantee Agreement and the provision of the facilities guarantees under the Revised Guarantee Agreement are in the interests of the Company and the Shareholders as a whole.

No consideration will be received by the Group under the Revised Guarantee Agreement albeit the Group receives technical fees under the technical and cooperation agreements with Zhong Bao Group. Your attention is drawn to various sections of this circular for the financial significances of the Revised Guarantee Agreement as well as the Group's cooperation history and relationship with Zhong Bao Group, including but not limited to (i) the paragraph headed "3. Estimated maximum amount of interest and fees under the Facilities Guarantees" in this circular for the assumptions and calculations in respect of the estimated maximum amount of interest and fees under the Facilities Guarantees and the analysis of the relevant financial figures, including the breakdown and the percentages of the revenue contributed by Zhong Bao Group and Xiamen Zhong Bao as compared to the Group's total revenue; and (ii) the paragraph headed "Financial Effect" in Appendix I to this circular for the financial effect of the Facilities Guarantees and the Board's assessment of Xiamen Zhong Bao's credit risk.

LETTER FROM THE BOARD

3. Estimated maximum amount of interest and fees under the Facilities Guarantees

The total estimated maximum exposure for Facilities B, Facilities C and Facilities D is approximately RMB170 million (equivalent to approximately HK\$204.0 million) based on the following assumptions and calculations:

(a) Assumptions

The calculation of the estimated maximum amount of interest and fees payable by the Group under the Facilities Framework Agreements in the scenario where no repayment (and the corresponding interests) is made by Xiamen Zhong Bao during the loan period is based on the following assumptions:

- (1) The maximum amount borrowed under Facilities B, Facilities C and Facilities D is drawn by Xiamen Zhong Bao on the first day when the relevant facilities agreements are entered into.
- (2) The Company assumes the duty to pay off the default facilities and the liabilities and repay all of the principal in its entirety immediately.

The interest rates of Facilities B, Facilities C and Facilities D will be the prevailing market bank loan rate in the PRC. The forecasted maximum market bank loan rate for 2016 is approximately 7.2%, with reference to the actual bank loan rate used in the facilities obtained by Xiamen Zhong Bao in 2015 ranged from approximately 6.1% to approximately 7.2%.

(b) Calculation

The maximum exposure and liabilities under the Revised Guarantee Agreement is calculated based on the following:

	Facilities B	Facilities C <i>(Note 4)</i>	Facilities D
Principal (A)	RMB50 million	RMB70 million	RMB30 million
Facility period	1 year	1 year	1 year
Maximum loan interest (B) <i>(Note 1)</i>	RMB3.60 million	RMB5.04 million	RMB2.16million
Guarantee period	2 years	2 years	3 years
Maximum penalty (C) <i>(Note 2)</i>	RMB1.80 million	RMB2.52 million	RMB1.08million
Facility fee (D) <i>(Note 3)</i>	RMB0.15 million	RMB0.21 million	RMB0.09 million

LETTER FROM THE BOARD

	Facilities B	Facilities C	Facilities D	Total of Facilities B, Facilities C and Facilities D
Total Principal (A)	RMB50 million	RMB70 million	RMB30 million	RMB150 million
Other liabilities (B+C+D)	RMB5.55 million	RMB7.77 million	RMB3.33 million	RMB16.65 million
Estimated maximum exposure	RMB55.55 million	RMB77.77 million	RMB33.33 million	RMB166.65 million

Notes:

- (1) Assuming the maximum market bank loan rate is approximately 7.2%.
- (2) Means the damages of the banks in relation to the borrower's breach of the facility agreement, calculated at 50% of the maximum loan interest.
- (3) Means the banks' fees and expenses in relation to the borrower's breach of the facility agreement, such as fees of the professional parties and administration fees, calculated at 0.3% of loan principal.
- (4) Apart from the corporate guarantee to be provided by the Group, as a security under the New Facilities C Guarantee Agreements, the Property will also be pledged to BOC.

(c) *Financial significance*

The tables below set out: (i) the comparison between the estimated maximum exposure and liabilities under the Revised Guarantee Agreement and the total assets of the Group as at 31 December 2015; and (ii) the percentages of the revenue contributed by Zhong Bao Group and Xiamen Zhong Bao as compared to the Group's total revenue of HK\$495,526,000 for the year ended 31 December 2015.

(i) *Comparison between the estimated maximum exposure and liabilities under the Revised Guarantee Agreement and the total assets of the Group*

	Amount <i>HK\$'000</i>	%
The estimated maximum exposure and liabilities under the Revised Guarantee Agreement	204,000	
Total assets of the Group as at 31 December 2015	775,466	
Percentage		26.3%

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(ii) *Comparison between the revenue contributed by Zhong Bao Group and Xiamen Zhong Bao and the Group's total revenue*

For the year ended 31 December 2015:	Amount HK\$'000	Percentage of the Group's total revenue %
Revenue generated from car servicing and sales of auto parts from Xiamen Zhong Bao	26,465	5.4%
Technical fees received from Xiamen Zhong Bao	<u>5,573</u>	<u>1.1%</u>
Total	<u>32,038</u>	<u>6.5%</u>
Revenue generated from car servicing and sales of auto parts from Zhong Bao Group	46,256	9.4%
Technical fees received from Zhong Bao Group	<u>26,387</u>	<u>5.3%</u>
Total	<u>72,643</u>	<u>14.7%</u>

The Company will re-comply with the relevant requirements under Chapter 19 of the GEM Listing Rules including applicable announcement and shareholders' approval requirements, if the annual cap in respect of the aggregate amount guaranteed by the Group under the Revised Guarantee Agreement (which is RMB170 million) is exceeded, or any of the annual cap in respect of the amount guaranteed by the Group in respect of each of Facilities B, Facilities C and Facilities D under relevant guarantee agreements (which is RMB55.55 million, RMB77.77 million and RMB33.33 million respectively) is exceeded, or when there is anything that came into the Company's knowledge which will lead to any material change to the parameter used in the above assumptions and calculation in determining the maximum exposure for Facilities B, Facilities C and Facilities D.

4. Details of the New Facilities Framework Agreements

Xiamen Zhong Bao, as the borrower, in connection with the renewal of Facilities B and Facilities C, is expected to enter into the New Facilities B Framework Agreement and the New Facilities C Framework Agreement with CMS Bank and BOC respectively. Save for the possible pledge of the Property, it is anticipated that the New Facilities B Framework Agreement and the New Facilities C Framework Agreement shall be substantially the same terms with the Previous Facilities B Framework Agreement and the Previous Facilities C Framework Agreement respectively, which shall adopt the banks' standard form of facility framework agreement and shall contain the same principal terms with the previous agreement (except for period of the facility). The Company will review the agreements to be provided by the banks before approving the same to ensure they contain the same principal terms. In case of any discrepancy, the

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Company will discuss and negotiate with the banks before entering into the same. The Company will also ensure that the New Facilities B Framework Agreement and the New Facilities C Framework Agreement will supersede the respective previous agreements.

Xiamen Zhong Bao also intended to enter into the Facilities D Framework Agreement with BEA in respect of Facilities D.

Set out below are the proposed principal terms of the New Facilities B Framework Agreement, the New Facilities C Framework Agreement and the Facilities D Framework Agreement:

The New Facilities B Framework Agreement

Parties

- (a) Xiamen Zhong Bao
- (b) CMS Bank

Proposed Principal Terms

- (1) Xiamen Zhong Bao may borrow up to a maximum aggregated credit amount of RMB50 million during the usage period.
- (2) The maximum aggregated credit amount may be utilized in one or more types of borrowing such as loans, import and export documents, promissory notes, discounted bills, letters of credit, letters of guarantee, or any types of credit facilities accepted by CMS Bank.
- (3) The usage period of the maximum aggregated credit amount is one year which commences from the date of entering into the New Facilities B Framework Agreement.
- (4) The credit facilities under Facilities B are revolving facilities and can be reused during the usage period once repaid.
- (5) The fees of bills, bank guarantee, international trades and financing, discount rate of discounted bills, the interest rate and exchange rate in respect of loans and import and export documents chargeable by CMS Bank (estimated to be 0.3% of the loan principal amount as set out in the paragraph headed “3. Estimated maximum amount of interest and fees under the Facilities Guarantees” in this circular) shall be determined in the contracts to be agreed between Xiamen Zhong Bao and CMS Bank.
- (6) CMS Bank, at any time it chooses to, has the rights to investigate into the use of the credit limit as specified in the New Facilities B Framework Agreement. Under certain circumstances, CMS Bank may also adjust the loan period of Facilities B.

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- (7) CMS Bank may require Xiamen Zhong Bao to provide additional guarantee other than the one to be provided by the Group, including extending any guarantee provided in respect of Facilities B for a period of two years.
- (8) If Xiamen Zhong Bao fails to fulfil its obligations under the New Facilities B Framework Agreement, CMS Bank may terminate the use of the credit limit under the New Facilities B Framework Agreement.

The New Facilities C Framework Agreement

Parties

- (a) Xiamen Zhong Bao
- (b) BOC

Proposed Principal Terms

- (1) Xiamen Zhong Bao may borrow up to a maximum aggregated credit amount of RMB70 million during the usage period.
- (2) The maximum aggregated credit amount may be utilised in one or more types of borrowing such as loans, import and export documents, promissory notes, discounted bills, letters of credit, letters of guarantee, or any types of credit facilities accepted by BOC.
- (3) The usage period of the maximum aggregated credit amount is one year which commences from the date of entering into the New Facilities C Framework Agreement.
- (4) The credit facilities under Facilities C are revolving facilities and can be reused during the usage period once repaid.
- (5) The fees of bills, bank guarantee, international trades and financing, discount rate of discounted bills, the interest rate and exchange rate in respect of loans and import and export documents chargeable by BOC (estimated to be 0.3% of the loan principal amount as set out in the paragraph headed "3. Estimated maximum amount of interest and fees under the Facilities Guarantees" in this circular) shall be determined in the contracts to be agreed between Xiamen Zhong Bao and BOC.
- (6) BOC, at any time it chooses to, has the rights to investigate into the use of the credit limit as specified in the New Facilities C Framework Agreement. Under certain circumstances, BOC may also adjust the loan period of Facilities C.
- (7) BOC may require Xiamen Zhong Bao to provide additional guarantee other than those to be provided by the Group, including extending any guarantee provided in respect of Facilities C for a period of two years.

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- (8) If Xiamen Zhong Bao fails to fulfil its obligations under the New Facilities C Framework Agreement, BOC may terminate the use of the credit limit under the New Facilities C Framework Agreement.

The Facilities D Framework Agreement

Parties

- (a) Xiamen Zhong Bao
- (b) BEA

Principal Terms

- (1) Xiamen Zhong Bao may borrow up to a maximum aggregated credit amount of RMB30 million during the usage period.
- (2) The usage period of the maximum aggregated credit amount is one year which commences from the date of entering into the Facilities D Framework Agreement.
- (3) The credit facilities under Facilities D are revolving facilities and can be reused during the usage period once repaid.
- (4) The credit facilities under Facilities D shall be used for purchase payments or other purposes approved by BEA.
- (5) BEA, during the duration of Facilities D, has the rights to investigate the credit condition of Xiamen Zhong Bao annually. Under certain circumstances, BEA may terminate Facilities D and demand for early repayment.
- (6) Xiamen BMW shall provide guarantee in respect of Facilities D.
- (7) If Xiamen Zhong Bao fails to fulfil its obligations under the Facilities D Framework Agreement, BEA may terminate the use of the credit limit under the Facilities D Framework Agreement and terminate the Facilities D Framework Agreement.

INFORMATION OF THE PARTIES

Xiamen BMW, GAPL and the Company

Xiamen BMW, a wholly-owned subsidiary of the Company, is principally engaged in the provision of repair and maintenance and car-related technical services for high-end automobiles. GAPL is a wholly-owned subsidiary of the Company, the holding company of Xiamen BMW and is an investment holding company. The Company is an investment holding company. The Group is principally engaged in the distribution of motor vehicles, provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

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Xiamen Zhong Bao

Xiamen Zhong Bao is principally engaged in the business of dealership, sales, exhibitions, parts supplies, provision of automobiles after-sales service in Xiamen, the PRC.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Xiamen Zhong Bao and its ultimate beneficial owner, Mr. Zhao, are third parties independent of the Company and the connected persons of the Company.

References are made to the announcements of the Company dated 14 March 2016, 15 March 2016 and 21 March 2016 (the “**Clarification Announcements**”) in relation to, among other things, clarification of the relationship among the Zhong Bao Group, Mr. Zhao and the Group. As stated in the Clarification Announcements, Mr. Zhao was a connected person of the Company by virtue of his interests in Beijing Zhong Bao Excellent International Trading Co., Ltd.* 北京中寶卓越國際貿易有限公司 (“**Beijing Zhong Bao**”), the ultimate beneficial owner of the parent company of Xiamen Zhong Bao, and his position as a director of Fuzhou BMW during the period from 1 November 2009 to 26 April 2015. Mr. Zhao has ceased to be a connected person of the Company at the subsidiary level under the GEM Listing Rule 20.07(1) on 26 April 2016 following his resignation as a director of Fuzhou BMW on 26 April 2015. As such, Mr. Zhao was not a connected person as at the time of entering into the Revised Guarantee Agreement and the transactions contemplated under the Revised Guarantee Agreement are not subject to Chapter 20 of the GEM Listing Rules. To the best of the knowledge, information and belief of the Directors, based on the best available information as at the Latest Practicable Date, Beijing Zhong Bao is owned as to 1% by Mr. Zhao directly and 99% by a BVI company wholly-owned by Mr. Zhao and hence Mr. Zhao is considered to have material interest in the Revised Guarantee Agreement. As at the Latest Practicable Date, to the best knowledge of the Directors, Ms. Yang Liying, the spouse of Mr. Zhao, is interested in 23,000,000 Shares, representing approximately 4.8% of the issued share capital of the Company. Save as the above, Mr. Zhao and/or his associates do not have any interests in the Shares. As such, Ms. Yang Liying and her associates shall abstain from voting at the EGM.

The Lenders to the Facilities

CMS Bank, the lender to Facilities B, is a company incorporated in the PRC and is principally engaged in commercial banking.

BOC, the lender to Facilities C, is a company incorporated in the PRC and a branch company of Bank of China. Bank of China is principally engaged in banking and other related financial services.

BEA, the lender to Facilities D, is a company incorporated in the PRC and is principally engaged in commercial banking.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, CMS Bank, BOC and BEA are third parties independent of the Company and the connected persons of the Company.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 19.07 of the GEM Listing Rules) in respect of the Revised Guarantee Agreement exceed(s) 25% but is/are less than 75%, the transactions contemplated under the Revised Guarantee Agreement constitutes a major transaction of the Company and will be subject to the applicable announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board would like to seek the approvals from the Shareholders at the EGM in relation to the Revised Guarantee Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all enquiries, save for Ms. Yang Liying, the spouse of Mr. Zhao who is interested in 23,000,000 Shares as at the Latest Practicable Date (representing approximately 4.8% of the issued share capital of the Company) as detailed in the paragraph headed "Information of the Parties – Xiamen Zhong Bao" in this circular, no Shareholders or any of their respective associates have any material interest in the Revised Guarantee Agreement. As such, save for Ms. Yang Liying, no Shareholder would be required to abstain from voting on the resolution to be proposed at the EGM. Ms. Yang Liying and her associates shall abstain from voting at the EGM.

As the Revised Guarantee Agreement is conditional upon the approval of the Shareholders at the EGM which approval may or may not be forthcoming, Shareholders and potential investors should exercise caution when dealing in the Shares.

THE EGM

The EGM will be held at 11:00 a.m. on Thursday, 16 June 2016, at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong to consider and, if thought fit, approve, among other things, the entering into of the Revised Guarantee Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages 31 to 32 of this circular.

A proxy form is enclosed herewith for use at the EGM. Whether or not you intend to be present at the EGM, you are advised to complete the form of proxy and return it to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM or any adjournment thereof. Completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM or any adjournment in person should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Tuesday, 14 June 2016 to Thursday, 16 June 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the EGM, all instruments of transfer must be delivered to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 13 June 2016.

LETTER FROM THE BOARD

VOTING BY WAY OF POLL

According to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolution proposed at the EGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under the Rule 17.47(5) of the GEM Listing Rules.

The results of the poll will be published on the websites of the Company and GEM as soon as practicable following the conclusion of the EGM.

RECOMMENDATIONS

The Board considers that the terms of the Revised Guarantee Agreement are fair and reasonable and that the resolution set out in the notice of the EGM are in the interest of the Company and the Shareholders as a whole. As such, the Board recommends the Shareholders to vote in favour of all resolution at the EGM.

OTHER INFORMATION

Your attention is also drawn to the information set forth in the Appendices to this circular.

Yours faithfully,
By order of the Board
G.A. Holdings Limited
Loh Boon Cha
Chairman

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2013, 2014 and 2015 respectively are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ga-holdings.com.hk>):

- annual report of the Company for the year ended 31 December 2015 published on 30 March 2016 (pages 36-95) (<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0330/GLN20160330065.pdf>);
- annual report of the Company for the year ended 31 December 2014 published on 27 March 2015 (pages 32-101) (<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0327/GLN20150327055.pdf>); and
- annual report of the Company for the year ended 31 December 2013 published on 28 March 2014 (pages 30-99) (<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0328/GLN20140328011.pdf>).

INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had borrowings amounting to approximately HK\$102 million, details of which are as follows:

Borrowings

The following table illustrates the unaudited financial information of the Group's bank and other borrowings as at 31 March 2016:

	<i>HK\$'000</i>
Obligations under finance leases	16,097
Bank loans	<u>85,703</u>
	<u><u>101,800</u></u>

Analysed as:

	Secured <i>HK\$'000</i>	Unsecured <i>HK\$'000</i>	Total secured and unsecured <i>HK\$'000</i>	Guaranteed <i>HK\$'000</i>	Unguaranteed <i>HK\$'000</i>	Total guaranteed and unguaranteed <i>HK\$'000</i>
Obligations under finance leases	16,097	–	16,097	14,282	1,815	16,097
Bank loans	<u>36,602</u>	<u>49,101</u>	<u>85,703</u>	<u>64,103</u>	<u>21,600</u>	<u>85,703</u>
	<u>52,699</u>	<u>49,101</u>	<u>101,800</u>	<u>78,385</u>	<u>23,415</u>	<u>101,800</u>

Certain motor vehicles of the Group are held under finance leases. Finance lease liabilities are effectively secured as the rights to the leased assets will revert to the lessor in the event of default.

As at 31 March 2016, the Group's obligations under finance lease of approximately HK\$14.3 million are guaranteed by the Company.

As at 31 March 2016, the Group's bank loans of approximately HK\$12.6 million are secured by the Group's bank deposit of approximately HK\$6.0 million and Zhong Bao Group's certain assets and guaranteed by Zhong Bao Group companies.

As at 31 March 2016, the Group's bank loans of approximately HK\$24.0 million are secured by the Group's bank deposit of approximately HK\$7.2 million and guaranteed by a group company and a former director of the Company.

As at 31 March 2016, the Group's bank loans of approximately HK\$15.5 million are guaranteed by the Company, certain group companies, a director and a former director of the Company.

As at 31 March 2016, the Group's bank loans of approximately HK\$12.0 million are guaranteed by Zhong Bao Group companies.

Pledged deposits

As at 31 March 2016, the Group's bank deposits of approximately HK\$16.1 million are pledged in respect of providing security to suppliers.

As at 31 March 2016, the Group's bank deposits of approximately HK\$13.2 million are pledged to banks in respect of the banking facilities granted to the Group.

Contingent liabilities and guarantees

As at 31 March 2016, the Group had the following contingent liabilities and guarantees in the ordinary course of business:

Guarantees for bank loans to Xiamen Zhong Bao:	RMB120 million
	(equivalent to approximately HK\$144 million)

Saved as disclosed above, no member of the Group is engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any members of the Group.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, any bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on the Latest Practicable Date.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present internal resources and available bank loan facilities of the Group, and the effect of the entering into of the Revised Guarantee Agreement in the absence of any unforeseen circumstances, the Group has sufficient working capital for at least the next twelve months from the date of publication of this circular.

FINANCIAL EFFECT

The entering into of the Revised Guarantee Agreement and the provision of the Facilities Guarantees will not have any immediate adverse effect on the Group's earnings, assets and liabilities. However, Xiamen BMW, as a guarantor, will be responsible for repayment of the banking facilities amounted to approximately RMB170 million (equivalent to approximately HK\$204 million) for the principal amount guaranteed under the Revised Guarantee Agreement in case there is a default in the repayment of the relevant loans by Xiamen Zhong Bao.

In the event that Xiamen Zhong Bao were to default in the payments of the relevant loans, the Company's liabilities would be increased by approximately RMB170 million (equivalent to approximately HK\$204 million) for the amount guaranteed under the Revised Guarantee Agreement, and the same amount will be charged to the Group's income statement.

In assessing Xiamen Zhong Bao's credit risk, the Board not only took into consideration the long history of cooperation between the Group and Xiamen Zhong Bao starting from 2003, the Board also performed a financial assessment on Xiamen Zhong Bao's asset, quality, leverage and liquidity ratios.

In particular, the Board examined the following areas of Xiamen Zhong Bao as part of its assessment on the credit risk of Xiamen Zhong Bao annually:

- (i) the turnover of inventory and the level of obsolete stock of Xiamen Zhong Bao;

- (ii) an ageing analysis of Xiamen Zhong Bao's debtors;
- (iii) the carrying amount of assets of Xiamen Zhong Bao;
- (iv) an estimation of the value of the plant and equipment of Xiamen Zhong Bao;
- (v) the gearing ratio of Xiamen Zhong Bao to meet its short-term obligations as well as its long-term liabilities;
- (vi) the past history of Xiamen Zhong Bao's ability to repay its bank loans; and
- (vii) the ability of Xiamen Zhong Bao in maintaining an adequate cash flow in its day-to-day operations and an adequate reserve of banking facilities.

Having considered the above criteria of Xiamen Zhong Bao, the Board is of the view that the credit risk of Xiamen Zhong Bao is low and that Xiamen Zhong Bao has been monitoring its credit risk actively and effectively for the financial years under review.

After considering the previous financial and operation performance of Xiamen Zhong Bao and that Xiamen Zhong Bao has never been noted for any default in repayment to the banks, the Directors are of the view that the provision of the Facilities Guarantees will not have any material negative financial effects on the earnings, assets and liabilities of the Group, unless the Company is required to settle the obligations under the Revised Guarantee Agreement. It is expected that the (i) working capital (i.e. the net current assets and liabilities) of the Group will not decrease; (ii) the gearing ratio expressed as a percentage of total borrowings, including bills payables, short term and long term bank borrowings will not increase; and (iii) cash outflow from investing activities will increase and/or cash inflow from financing activities (i.e. bank borrowings and/or other external financing) will not increase. On the contrary it is also expected that the cash inflow from operating activities and earnings of the Group will increase due to the increase in technical fee income and servicing income accordingly.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

FINANCIAL AND TRADING PROSPECTS

The Group's total revenue for 2015 increased to HK\$495,526,000, representing a 17.2% increase as compared to 2014 after the Group's dealer shop for ultra-luxury brands in Fuzhou went into full operation. The Group also marked an encouraging result with the profit after tax increased from HK\$50,437,000 in 2014 to HK\$85,012,000 in 2015. 2015 is a year of steady growth for the Group.

The entering into the ultra-luxury automotive market has enhanced the Group's image and set a stage for future growth into this important market segment. The Group's after-sales and value added service business segment remains strong in the more matured market where demand is more rational and growth is

more structured. In view of the slowdown in the economic growth in the PRC and its impact on the overall financial performance of the Group, the management is now taking various measures on cost control through effective marketing and efficient operations. The Group has entered into a non-legally binding memorandum of understanding on 3 February 2016 for an acquisition of three dealerships engaged in the luxury automobile sales and related after-sales service in the Fujian Province. The acquisition of the three dealerships, if materialised, will continue to strengthen the Group's overall business and further solidify the Group's position in the PRC automotive industry.

The Group will continue to dedicate ourselves to servicing luxury cars in Fujian Province and will further strengthen our sales team for service excellence. Looking ahead, the Group believes that the China's automobile market will become more mature and consumption will be more rational that the steady growth in demand for high-quality after-sales service will be sustained. As the competition in the PRC automobile industry intensifies, the Company is confident that its experienced management and skilled service team can continue to grow its business in sales of motor vehicles and after-sales service. The Group strives for growth through sustaining the developments of our core and car rental businesses as well as seeking dynamic expansion through both organic growth and acquisitions or joint ventures with existing business partners.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

DISCLOSURE OF INTERESTS**Interest of Directors**

As at the Latest Practicable Date, the interests or short position of Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of SFO) which are notified to the Company and the Stock Exchange pursuant to the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares

Name	Capacity	Number of ordinary shares held			Total	Approximate percentage of shareholding
		Family Interest	Corporate Interest			
Loh Boon Cha	Deemed interest	32,676,320 (Note)	45,284,000 (Note)	77,960,320	16.37%	

Note: Out of the 77,960,320 Shares deemed to be interested by Mr. Loh Boon Cha: (i) 45,284,000 Shares are held by Loh & Loh Construction Group Ltd. (which is interested as to 64% by Mr. Loh Nee Peng, the son of Mr. Loh Boon Cha, and 21% by Mr. Loh Boon Cha respectively); and (ii) 32,676,320 Shares are held by Big Reap Investment Limited (which is interested as to 100% by Mr. Loh Nee Peng). By virtue of the SFO, Mr. Loh Boon Cha is deemed to be interested in the Shares held by Loh & Loh Construction Group Ltd. and Big Reap Investment Limited as Mr. Loh Boon Cha is the father of Mr. Loh Nee Peng.

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

Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following person (not being a Director or the chief executive of the Company) had, or were deemed to have, interests or short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meetings of the Group, or substantial shareholders are recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
Loh Nee Peng	Interest of a controlled corporation (<i>Note 1</i>)	77,960,320	16.37%
Chan Hing Ka Anthony	Beneficial owner and interest of a controlled corporation (<i>Note 2</i>)	72,047,085	15.13%
Tycoons Investment International Limited	Beneficial owner	71,671,085	15.05%
Loh & Loh Construction Group Ltd.	Beneficial owner (<i>Note 1</i>)	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner	32,676,320	6.86%

Notes:

1. The 77,960,320 Shares are held as to 32,676,320 Shares by Big Reap Investment Limited and as to 45,284,000 Shares by Loh & Loh Construction Group Ltd., which are interested as to 100% and 64%, respectively by Mr. Loh Nee Peng. By virtue of the SFO, Mr. Loh Nee Peng is deemed to be interested in the Shares held by Big Reap Investment Limited and Loh & Loh Construction Group Ltd. Loh & Loh Construction Group Ltd. is held as to 64% by Mr. Loh Nee Peng and 21% by Mr. Loh Boon Cha.
2. The 72,047,085 Shares held as to 71,671,085 Shares by Tycoons Investment International Limited, which are interested as to 100% by Mr. Chan Hing Ka Anthony, and 376,000 Shares directly by Mr. Chan Hing Ka Anthony as beneficial owner. By virtue of the SFO, Mr. Chan Hing Ka Anthony is deemed to be interested in the Shares held by Tycoons Investment International Limited.

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

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or (so far as was known to them) any of their respective associates was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, namely, Mr. Zhou Ming (chairman), Mr. Yin Bin and Ms. Song Qi Hong. The primary duties of the audit committee are mainly: (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports; and (b) to review and supervise the financial reporting process, risk management and the internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advice and comments thereon to the board of Directors.

Mr. Zhou Ming

Mr. Zhou Ming, aged 43, graduated from China University of Political Science and Law (中國政法大學) and holds a master degree in law from Peking University Law School (北京大學法學院). Mr. Zhou joined Global Law Office (Beijing) in 2001 and was admitted as a partner in 2007. Mr. Zhou was appointed as an independent non-executive Director since November 2015.

Mr. Yin Bin

Mr. Yin Bin, aged 44, obtained a master degree in economics from the Hunan University. Mr. Yin is the general manager of a trading financial service agent in the PRC and has extensive experience in trade and finance. Mr. Yin was appointed as an independent non-executive Director since July 2004.

Ms. Song Qi Hong

Ms. Song Qi Hong, aged 44, holds a bachelor degree in economics and a master degree in business administration from Huazhong Agricultural University (華中農業大學). She is a certified tax planner registered with China Enterprise Confederation and a member of each of The Chinese Institute of Certified Public Accountants and The Institute of Internal Auditors. Ms. Song has more than 18 years of experience in the fields of auditing, accounting and financial management. She was a senior project manager of a bank in China and then served a chief financial officer of in the commercial sector. She is currently the general manager of finance and auditing department and a committee member of the credit guarantee risk appraisal committee of a sizeable investment firm in the PRC. Ms. Song was appointed as an independent non-executive Director since August 2010.

LITIGATION

The Company was not engaged in any litigation or arbitration or claims of material importance, and no such litigation or arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company, as at the Latest Practicable Date.

No member of the Group is engaged in any litigation or claims of material importance known to the directors to be pending or threatened against any members of the Group.

INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion and advice contained in this circular:

Name	Qualification
Elite Partners CPA Limited (“ Elite Partners ”)	Certified Public Accountants

Elite Partners has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and/or its letter and/or its advice and/or references to its name and qualification in the form and context in which they respectively appear.

As at the Latest Practicable Date, Elite Partners:

- (a) was not interested, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the issue of this circular, and are material:

- (a) the Revised Guarantee Agreement;
- (b) the Guarantee Agreement; and
- (c) the Previous Facilities B Guarantee Agreement.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of this circular up to and including Thursday, 16 June 2016:

- (a) the memorandum of association and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (c) the annual reports of the Company for the financial years ended 31 December 2013, 2014 and 2015; and
- (d) this circular.

GENERAL INFORMATION

- (a) The company secretary of the Company is Mr. Ma Hang Kon, Louis, being a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Montana Board of Public Accountants and the Institute of Chartered Secretaries and Administrators.
- (b) The Company’s share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.
- (d) Mr. Choy Choong Yew, an executive Director, also acts as the Managing Director and compliance officer of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of the shareholders of G.A. Holdings Limited (the “Company”) will be held at 11:00 a.m., on Thursday, 16 June 2016, at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong for the following purposes. Unless otherwise indicated, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 25 May 2016 of which the notice convening the EGM forms part.

To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution.

ORDINARY RESOLUTION

“THAT

- (a) the Revised Guarantee Agreement entered into among Xiamen BMW, GAPL and Xiamen Zhong Bao, a copy has been produced at this meeting marked “A” and initialled by the chairman of the EGM for the purpose of identification, its terms and the transactions contemplated thereunder are hereby approved, confirmed and ratified; and
- (b) the Directors be and is hereby authorised on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Revised Guarantee Agreement and the transactions contemplated thereunder, including but not limited to the Facilities Guarantee Agreements.”

By order of the Board
G.A. Holdings Limited
Loh Boon Cha
Chairman

Hong Kong, 25 May 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 1203, 12th Floor, Eton Tower
8 Hysan Avenue
Causeway Bay
Hong Kong

Head office in Singapore:

51 Goldhill
Plaza#15-05
Singapore 308900

Notes:

1. The register of members of the Company will be closed from Tuesday, 14 June 2016 to Thursday, 16 June 2016 (both dates inclusive), during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the EGM to be held on Thursday, 16 June 2016, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share register in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Monday, 13 June 2016, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
2. Any member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or, if he holds two or more Shares, more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. If two or more persons are joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the joint holding.