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**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)**

**MAJOR TRANSACTION – FACILITIES GUARANTEES UNDER THE  
GUARANTEE AGREEMENT**

Reference is made to the announcement of G.A. Holdings Limited (the “**Company**”) dated 26 November 2014 (the “**Announcement**”) in relation to the entry of the Guarantee Agreement which constitutes a major transaction and the announcement of the Company dated 17 December 2014 in relation to the delay in dispatch of the circular of the Company (the “**Circular**”).

Capitalised terms used herein shall have the same meaning as those defined in the Announcement unless stated otherwise.

**THE GUARANTEE AGREEMENT**

On 22 December 2014, Xiamen BMW and Xiamen Zhong Bao entered into the Guarantee Agreement. The principal terms of the Guarantee Agreement are set out as follows.

**Parties**

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

**Date**

22 December 2014

**Period**

One year from 1 January 2015 to 31 December 2015.

## **Guarantee amount**

The maximum aggregate amount of banking facilities to be incurred by Xiamen Zhong Bao in the ordinary course of its business and guaranteed by Xiamen BMW under certain facilities guarantees is RMB190 million (equivalent to approximately HK\$239.78 million).

Xiamen Zhong Bao, as the borrower, is expected to enter into: (i) a facility framework agreement (the “**New Facilities A Framework Agreement**”) with China CITIC Bank Xiamen Branch (the “**Facilities A Lender**”) in relation to the banking facilities between Xiamen Zhong Bao and Facilities A Lender (the “**Facilities A**”); (ii) a facility framework agreement (the “**New Facilities B Framework Agreement**”) with China Minsheng Bank (the “**Facilities B Lender**”) in relation to the banking facilities between Xiamen Zhong Bao and Facilities B Lender (the “**Facilities B**”); and (iii) a facility framework agreement (the “**New Facilities C Framework Agreement**”) with Bank of China Xiamen Branch (the “**Facilities C Lender**”) in relation to the banking facilities between Xiamen Zhong Bao and Facilities C Lender (the “**Facilities C**”). Please refer to the paragraph headed “Details of the New Facilities Framework Agreements” below for details of the proposed principal terms of such facilities framework agreements.

## **Fees, charges and security**

No fees, charges or security of any kind will be required from either party to the Guarantee Agreement.

## **Conditions**

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

## **Details of the New Facilities Framework Agreements**

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

### **The New Facilities A Framework Agreement**

#### ***Parties***

- (a) Xiamen Zhong Bao
- (b) The Facilities A Lender

### ***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 the Facilities A Lender.
- (3) The usage period of the maximum aggregated credit amount is one year which commences from the date of entering into the New Facilities A Framework Agreement.
- (4) The credit facilities under Facilities A 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 the Facilities A Lender shall be determined in the contracts to be agreed between Xiamen Zhong Bao and the Facilities A Lender.
- (6) The Facilities A Lender, at any time it chooses to, has the rights to investigate into the use of the credit limit as specified in the New Facilities A Framework Agreement. Under certain circumstances, Facilities A Lender may also adjust the loan period of Facilities A.
- (7) Facilities A Lender 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 this Facilities A for a period of two years.

### **The New Facilities B Framework Agreement**

#### ***Parties***

- (a) Xiamen Zhong Bao
- (b) The Facilities B Lender

#### ***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 the Facilities B Lender.

- (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 the Facilities B Lender shall be determined in the contracts to be agreed between Xiamen Zhong Bao and the Facilities B Lender.
- (6) The Facilities B Lender, 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, Facilities B Lender may also adjust the loan period of Facilities B.
- (7) Facilities B Lender 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 this 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, Facilities B Lender 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) The Facilities C Lender

#### ***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 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 the Facilities C Lender.
- (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 the Facilities C Lender shall be determined in the contracts to be agreed between Xiamen Zhong Bao and the Facilities C Lender.
- (6) The Facilities C Lender, 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, Facilities C Lender may also adjust the loan period of Facilities C.
- (7) Facilities C Lender 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 this Facilities C for a period of two years.
- (8) If Xiamen Zhong Bao fails to fulfil its obligations under the New Facilities C Framework Agreement, Facilities C Lender may terminate the use of the credit limit under the New Facilities C Framework Agreement.

## **REASONS FOR AND BENEFITS OF THE GUARANTEE AGREEMENT**

As part of the Group's business model since the Company's listing in 2002 and due to certain rules and regulations in the PRC that foreign companies are not allowed to engage in the business of trading motor vehicles directly in the PRC, the Group has always entered into technical and cooperation agreements with distribution agents such as Xiamen Zhong Bao for its motor vehicle trading business. Pursuant to the technical and cooperation agreements, the distribution agents shall purchase motor vehicles manufactured in the PRC from local suppliers on behalf of the Group and assist the Group in marketing such motor vehicles to the customers in the PRC. In return, the Group receives fees from technical service provided to such agents based primarily on the number of motor vehicles sold. During the year ended 31 December 2013, the said fees received by the Group contributed approximately 8.1% of the Group's total revenue. Xiamen Zhong Bao was also one of the Group's top five customers, contributing more than 10% of the Group's total revenue.

The financing arrangements under the technical and cooperation agreements include making advance payments and providing facility guarantees as financing support to the distribution agents for the purchase of motor vehicles which are part and parcel of the terms of the technical and cooperation agreements. Furthermore, the provision of facility guarantees are related to the principal activities of car trading business and are to be entered into in the ordinary and usual course of business of the Group.

The provision of the facilities guarantees under the Guarantee Agreement will help secure the source of technical service fee income for the Group. 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, the Board considers the entry of the Guarantee Agreement promotes and maintains the business relationship with Xiamen Zhong Bao, and in view of this no fees, charges or securities of any kind are required under the Guarantee Agreement. The Board is of the view that the credit risk in respect of the Xiamen Zhong Bao is small.

The Board considers that the terms of the Guarantee Agreement, which were negotiated on an arm's length basis, are fair and reasonable and the entering into of the Guarantee Agreement and the provision of the facilities guarantees under the Guarantee Agreement are in the interests of the Company and the Shareholders as a whole.

#### **AGGREGATE AMOUNT GUARANTEED BY XIAMEN BMW IN FAVOUR OF XIAMEN ZHONG BAO AS AT 30 SEPTEMBER 2014**

As at 30 September 2014, the aggregate amount guaranteed by Xiamen BMW in favour of Xiamen Zhong Bao immediately after entering into the Facilities Guarantee Agreements (as defined in the February 2014 Circular) was RMB182 million (equivalent to approximately HK\$229.68 million). This amount is the sum total of:

- (a) the RMB70 million guaranteed by Xiamen BMW in favour of Xiamen Zhong Bao prior to the March 2014 EGM; and
- (b) the maximum principal amount of RMB100 million in the facilities agreements underlying the Facilities Guarantee Agreements as disclosed in the February 2014 Circular; and
- (c) the estimated maximum amount of interest and fees under the Facilities Guarantee Agreements of RMB12 million as disclosed in the February 2014 Circular.

The aggregate maximum amount of RMB190 million (equivalent to approximately HK\$239.78 million) to be guaranteed under the Guarantee Agreement has been arrived at after taking into account the above, an extra RMB8 million as a buffer to allow for possible interest rate fluctuation and arm's length negotiations with Xiamen Zhong Bao.

**As the 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.**

#### **INFORMATION OF THE PARTIES**

##### **Xiamen BMW**

Xiamen BMW, a subsidiary of the Company, is principally engaged in the provision of repair and maintenance and car-related technical services for high-end automobiles.

## **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. Xiamen Zhong Bao has acted as the Group's distribution agent in the PRC since 2004.

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 owners are third parties independent of the Company and the connected persons of the Company as at the date of this announcement.

## **The Company**

The Company is an investment holding company. Its subsidiaries are principally engaged in the distribution of motor vehicles, provision of car-related technical services, servicing of motor vehicles and sales of auto parts.

## **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 Guarantee Agreement exceed(s) 25% but is/are less than 75%, the Guarantee Agreement and the transactions contemplated thereunder constitute 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 approval from the Shareholders at the EGM in relation to the entering into of the Guarantee Agreement and the transactions contemplated thereunder.

Details in relation to the Guarantee Agreement, including but not limited to the information of the parties and the reasons for and benefits of the Guarantee Agreement, have been set out in the Announcement and will be set out in more particulars in the Circular to be dispatched to the Shareholders on or before 24 December 2014.

By order of the Board  
**G.A. Holdings Limited**  
**Loh Nee Peng**  
*Executive Deputy Chairman*

Hong Kong, 22 December 2014

*As at the date of this announcement, the Board comprises Mr. Loh Boon Cha, Mr. Loh Nee Peng, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim and Mr. Yeung Chak Sang Johnson as executive Directors; and Mr. Yin Bin, Mr. Lee Kwok Yung, Miss Song Qi Hong and Mr. Wong Jacob as independent non-executive Directors.*

*This announcement, 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 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.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at [www.ga-holdings.com.hk](http://www.ga-holdings.com.hk).*

*For illustration purposes only, an exchange rate of RMB1 to HK\$1.262 has been applied in this announcement. 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.*