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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)

MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE PROPOSED ACQUISITION

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 3 February 2016 (after trading hours), the Vendor and the Purchaser entered into the non-legally binding MOU regarding the Proposed Acquisition.

As of the date of this announcement, all terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into. The Proposed Acquisition, if materialised, will constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate in compliance with the GEM Listing Rules when a legally binding agreement in relation to the Proposed Acquisition is entered into.

As the Proposed Acquisition may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 3 February 2016 (after trading hours), the Vendor and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the non-legally binding MOU. The Company proposed to acquire in the entire equity interests of each of the Target Companies (the “**Proposed Acquisition**”). The terms and conditions of the Proposed Acquisition are subject to further negotiation and execution of the Formal Agreement.

PRINCIPAL TERMS OF THE MOU

Date: 3 February 2016 (after trading hours)

Parties: the Vendor (as prospective vendor); and
the Purchaser (as prospective purchaser)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Due diligence review

Pursuant to the MOU, the Purchaser shall procure its advisers and agents to conduct due diligence review of the assets, liabilities, contracts, business, operations, financial matters, legal and taxation on each of the Target Companies as it may consider appropriate and the Vendor shall provide and procure the Target Companies and its agent to provide such assistance as the Company and/or the Purchaser and its advisers and agents may require in connection with such review so as to enable the review to be completed on or before the expiry of the MOU. Each party to the MOU shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of the MOU.

Exclusivity

During a period of six months from the date of the MOU (the “**Exclusivity Period**”), the Purchaser shall have exclusive right to discuss, negotiate and finalise the Proposed Acquisition with each/any of the Target Companies and the Vendor shall not directly or indirectly negotiate or agree with any other party relating to the Proposed Acquisition. The Exclusivity Period shall be further extended as agreed between the parties.

Earnest Money

In consideration of the Vendor agreeing to grant to the Purchaser the Exclusivity Period, the Purchaser agrees to pay to the Vendor the Earnest Money of RMB3,000,000 within seven (7) days from the date of the MOU. The Earnest Money shall be refunded and returned to the Purchaser in full without interest within seven (7) days and without notice upon:

- (i) the expiry of the Exclusivity Period or any extended period mutually agreed without consummation of the transactions contemplated under the MOU; or
- (ii) the Purchaser serving a written notice on the Vendor to request the return of the Earnest Money. Upon the Purchaser serving a notice on the Vendor to request for the refund of the Earnest Money, the Exclusivity Period granted by the Vendor to the Purchaser shall automatically lapse upon the receipt by the Purchaser of the refunded Earnest Money.

Formal Agreement

The parties to the MOU shall negotiate in good faith towards the other in ensuring that the Formal Agreement will be entered into as soon as possible and in any event, on or before the Exclusivity Period or such later date as the Purchaser may agree.

Termination

In the event that no Formal Agreement is entered into before the expiry of the Exclusivity Period (or such later date as agreed between the parties), the MOU will be terminated.

Binding effect

Save for the provisions relating to the due diligence review, exclusivity, Earnest Money, confidentiality, termination, binding effects and governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

Governing Law and Jurisdiction

The MOU shall be governed by the PRC laws and any dispute on the binding provisions of the MOU shall be resolved by arbitration at the Shenzhen Court of International Arbitration.

REASONS FOR ENTERING INTO THE MOU

The Company is an investment holding company. 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. The Purchaser, 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.

The Target Companies are engaged into the business of dealership, sales, exhibitions, parts supplies, provision of automobiles after-sales service in Fuzhou City, Quanzhou City and Longyan City, Fujian Province, the PRC.

The Board considers that the Proposed Acquisition would provide an opportunity for the Group to further extend its business in the provision of dealership and automobiles after-sales service and the Group may leverage on the Target Companies' dealership network in Fujian Province, the PRC. The Board considers that the Proposed Acquisition, if materialised, could enable the Group, to be benefited from diversifying its revenue stream which is expected to increase its Shareholders' value. Therefore, the Directors are of the view that the entering into the MOU and proceeding with the Proposed Acquisition are in the interests of the Company and its Shareholders as a whole.

GENERAL

As of the date of this announcement, all terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into. The Proposed Acquisition, if materialised, will constitute a notifiable transaction of the Company under the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate in compliance with the GEM Listing Rules when legally binding agreement in relation to the Proposed Acquisition is entered into.

As the Proposed Acquisition may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Company”	G. A. Holdings Limited (stock code: 8126), 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
“Earnest Money”	the refundable earnest money in the aggregate sum of RMB3,000,000 to be payable by the Purchaser to the Vendor under the MOU

“Formal Agreement”	the legally binding formal agreement to be entered into by the Purchaser and the Vendor in relation to the Proposed Acquisition
“Fujian Xingdebao”	福建星德寶汽車銷售服務有限公司 (Fujian Xingdebao Automobiles Sales and Service Limited Company*), a company established in the PRC and an indirect wholly-owned subsidiary of Xiamen Zhong Bao, being one of the Target Companies in the Proposed Acquisition
“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
“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
“Longyan Zhongbao”	龍岩中寶汽車有限公司 (Longyan Zhongbao Automobiles Company Limited*), a company established in the PRC and a direct/an indirect wholly-owned subsidiary of Xiamen Zhong Bao, being one of the Target Companies in the Proposed Acquisition
“MOU”	a non-legally binding memorandum of understanding dated 3 February 2016 made between the Vendor and the Purchaser in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China
“Quanzhou Fubao”	泉州福寶汽車銷售服務有限公司 (Quanzhou Fubao Automobiles Sales and Service Company Limited*), a company established in the PRC and a direct wholly-owned subsidiary of Xiamen Zhong Bao, being one of the Target Companies in the Proposed Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	namely, Quanzhou Fubao, Fujian Xingdebao and Longyan Zhongbao
“Xiamen BMW” or “Purchaser”	廈門寶馬汽車維修有限公司 (Xiamen BMW Automobiles Service Co., Ltd.*), a wholly-owned subsidiary of German Automobiles Pte. Ltd. which in turn is a wholly-owned subsidiary of the Company, being the prospective purchaser
“Xiamen Zhong Bao” or “Vendor”	廈門中寶汽車有限公司 (Xiamen Zhong Bao Automobiles Co., Ltd.*), an independent third party of the Company, being the prospective vendor

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

Hong Kong, 3 February 2016

As at the date of this announcement, the Board comprises Mr. Loh Boon Cha, Mr. Lin Ju Zheng, Mr. Choy Choong Yew, Mr. Tan Cheng Kim, Mr. Zhang Xi and Mr. Ma Hang Kon, Louis as executive Directors; and Mr. Yin Bin, Mr. Zhou Ming and Ms. Song Qi Hong 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 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.

* For identification purpose only