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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 (“**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, for which the directors of the Company (“**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 GUARANTEE AGREEMENT; AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting (“**EGM**”) of the Company to be held at 4:00 p.m. on Friday, 30 July 2021, at Unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong is set out on pages 29 to 30 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.

15 July 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 7 June 2021 in relation to, among other things, the entering into of the Guarantee Agreement
“Board”	the board of Directors
“BOC”	Bank of China Limited Xiamen Branch (中國銀行股份有限公司廈門市分行)
“BOCOM(FZ)”	Bank of Communications Limited Fujian Branch (交通銀行股份有限公司福建省分行)
“BOCOM(ND)”	Bank of Communications Limited Ningde Branch (交通銀行股份有限公司寧德分行)
“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 4:00 p.m. on Friday, 30 July 2021 to consider and if thought fit, to approve the Guarantee Agreement and the transactions contemplated thereunder
“Facilities Agreements”	Facilities X Agreements and Facilities Y Agreements
“Facilities X Agreements”	the agreements entered into or to be entered into by FZZB with BOCOM(FZ) which set out the terms of the facility agreements in respect of Facilities X
“Facilities X Guarantee Agreement”	the facilities guarantee agreement to be entered into between Xiamen BMW, Quanzhou Fubao and Fujian Xingbao with BOCOM(FZ) in respect of Facilities X
“Facilities Y Agreement”	the agreements entered into or to be entered between NDZB with BOCOM(ND) which set out the terms of the facility agreements in respect of Facilities Y

DEFINITIONS

“Facilities Y Guarantee Agreement”	the facilities guarantee agreement to be entered into between Xiamen BMW, Quanzhou Fubao and Fujian Xingbao with BOCOM(ND) in respect of Facilities Y
“Facilities X”	facilities including but not limited to a series of loans, notes, guarantees and letters of credit entered into or to be entered into between FZZB with BOCOM(FZ)
“Facilities Y”	facilities including but not limited to a series of loans, notes, guarantees and letters of credit entered into or to be entered into between NDZB with BOCOM(ND)
“Facilities Guarantees”	the Facilities X Guarantee Agreement and the Facilities Y Guarantee Agreement
“Fujian Xingbao”	Fujian Xingbao Automobiles Sales and Service Co., Ltd.* (福建星寶汽車銷售服務有限公司), a company established in the PRC with limited liability
“FZZB”	Fuzhou Zhongbao Automobiles Sales and Service Co., Ltd.* (福州中寶汽車銷售服務有限公司), a company established in the PRC with limited liability
“GAPL”	German Automobiles Pte Ltd, a company incorporated in the Republic of Singapore with limited liability and the holding company of Xiamen BMW and Fujian Xingbao
“GEM”	the GEM 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 7 June 2021 entered into by Xiamen BMW, Quanzhou Fubao and Fujian Xingbao on the one hand and FZZB and NDZB on the other
“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
“Latest Practicable Date”	12 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“NDZB”	Ningde Zhong Bao Automobiles Sales and Service Co., Ltd.* (寧德中寶汽車銷售服務有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Quanzhou Fubao”	Quanzhou Fubao Automobiles Sales and Service Co., Ltd.* (泉州福寶汽車銷售服務有限公司), a company established in the PRC with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 established 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 established 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\$1.219 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.

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. Luo Wan Ju (*Chairman*)
Mr. Choy Choong Yew (*Managing Director*)
Mr. Zhang Xi
Mr. Ma Hang Kon, Louis
Mr. Xue Guo Qiang

Registered office:

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Non-Executive Director:

Mr. Lin Ju Zheng

Principal place of business in Hong Kong:

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Independent non-executive Directors:

Mr. Zhou Ming
Mr. Yuen Kin Pheng
Ms. Guan Xin

Head office in Singapore:

51 Goldhill Plaza
#15-05
Singapore 308900

15 July 2021

To Shareholders

Dear Sir or Madam

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

INTRODUCTION

Reference is made to the Announcement. Pursuant to the Guarantee Agreement, Xiamen BMW, Quanzhou Fubao and Fujian Xingbao have conditionally agreed to guarantee FZZB and NDZB's banking facilities incurred or to be incurred in their ordinary course of business up to a maximum aggregate amount

LETTER FROM THE BOARD

of RMB51.0 million (equivalent to approximately HK\$62.2 million) during the period from 1 August 2021 to 31 July 2023, 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.

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

THE GUARANTEE AGREEMENT

1. The principal terms and conditions of the Guarantee Agreement

On 7 June 2021 (after trading hours), Xiamen BMW, Quanzhou Fubao and Fujian Xingbao entered into the Guarantee Agreement with FZZB and NDZB, pursuant to which Xiamen BMW, Quanzhou Fubao and Fujian Xingbao have conditionally agreed to guarantee FZZB and NDZB's banking facilities incurred or may be incurred in their ordinary course of business up to a maximum aggregate amount of RMB51.0 million (equivalent to approximately HK\$62.2 million) in favour of BOCOM(FZ) and BOCOM(ND) from 1 August 2021 to 31 July 2023.

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

Subject to the approval by the Shareholders at the EGM, the Facilities Guarantees under the Guarantee Agreement will be entered into among Xiamen BMW, Quanzhou Fubao, Fujian Xingbao, FZZB and NDZB.

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

Parties

- (a) Xiamen BMW;
- (b) Quanzhou Fubao;
- (c) Fujian Xingbao;
- (d) FZZB; and
- (e) NDZB.

Date

7 June 2021

LETTER FROM THE BOARD

Period

Two years from 1 August 2021 to 31 July 2023

Guarantee amount

The guarantee amount, totalling approximately RMB51,000,000 (equivalent to approximately HK\$62,169,000), has been arrived at based on the estimated maximum aggregate principal amounts of banking facilities of RMB49,600,000 and possible interests and charges in any event of default payment that may be incurred by FZZB and NDZB under the Facilities Agreements in the ordinary course of their businesses and guaranteed by Xiamen BMW, Quanzhou Fubao and Fujian Xingbao.

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 paragraphs under the heading “Financial Effect” in Appendix I to this circular for the financial effect of the Facilities Guarantees and the Board’s assessment of FZZB and NDZB’s credit risks. The Board is of the view that the credit risks of FZZB and NDZB are low.

Fees, charges and security

Under the Guarantee Agreement, FZZB will pay an annual fee in the total sum of RMB1,200,000 to Xiamen BMW, Quanzhou Fubao and Fujian Xingbao, and NDZB will pay an annual fee in the total sum of RMB300,000 to Xiamen BMW, Quanzhou Fubao and Fujian Xingbao. Xiamen BMW, Quanzhou Fubao and Fujian Xingbao will receive fees totalling RMB1,500,000 per annum.

Other than the above, no other fees, charges or security of any kind is required from any 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.

2. The Background to the Guarantee Agreement

2019 Guarantee Agreement

The Company’s subsidiaries, Xiamen BMW and GAPL, have entered into a guarantee agreement dated 12 November 2019 (“**2019 Guarantee Agreement**”) whereby Xiamen BMW and GAPL have guaranteed Xiamen Zhong Bao’s banking facilities in its ordinary course of business up to a maximum aggregate amount of RMB120.0 million (equivalent to approximately HK\$133.3 million) in favour of BOC and CMS Bank.

LETTER FROM THE BOARD

Details in relation to the 2019 Guarantee Agreement are set out in the circular of the Company dated 12 December 2019 (“**2019 Circular**”). Defined terms and expressions under the sub-heading “2019 Guarantee Agreement” shall bear the same meanings as used in the 2019 Circular.

The Group’s business model

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

As part of the Group’s business model since the Company’s listing in 2002, there has always been in place between the Group and its distribution agents technical and cooperation agreements for the Group’s motor vehicle trading business as foreign companies were not allowed under PRC laws and regulations 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 whereby the Group shall provide technical expertise and management service to these distribution agents and they shall in return pay to the Group technical fee 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 five years under which the Group provided management consultation and technical assistance to such PRC distributor and its distribution 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. Currently, Zhong Bao Group (including Xiamen Zhong Bao) is the only partner cooperating with the Group under the technical and cooperation agreement. Pursuant to the technical and cooperation agreement 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 in return pay technical fee to the Group based primarily on the number of motor vehicles sold.

During the year ended 31 December 2020, Zhong Bao Group was one of the Group’s top five customers, contributing more than 7.3% of the Group’s total revenue for that year. During the same period, the Group generated income from car servicing and sale of motor vehicles and auto parts of HK\$155,914,000 and earned technical fee income of HK\$8,962,000 from Zhong Bao Group.

The financing arrangements under the technical and cooperation agreement include making advance payments and providing facility guarantees as financing support to the distribution agent for the purchase of motor vehicles. Such provision of facility guarantees is also related to the Group’s ordinary and usual course of business.

The reasons for and benefits of the 2019 Guarantee Agreement

The provision of the facilities guarantees under the 2019 Guarantee Agreement will help secure and has helped secure the Group’s source of technical service fee income and other businesses from Zhong Bao Group. 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.

LETTER FROM THE BOARD

No fees, charges or securities (save for the pledge of the Non-Business Operation Property as referred to in the 2019 Circular) of any kind are required under the 2019 Guarantee Agreement.

The Board considers that the 2019 Guarantee Agreement will promote and maintain and has promoted and maintained the business relationship with Xiamen Zhong Bao.

Credit risks assessment

As part of the Board's assessment of the credit risks associated with the facilities guarantee agreements in connection with the 2019 Guarantee Agreement, the Board, among other things, reviews annually (i) Xiamen Zhong Bao's turnover of inventory and level of obsolete stock (with reference to the net realizable value and any impairment as appropriate), (ii) the ageing analysis of Xiamen Zhong Bao's debtors in order to monitor the recoverability of the debtors balance ("**Credit Risks Assessment**").

To the best knowledge of the Company, Xiamen Zhong Bao has never defaulted in repayment.

The reasons for and benefits of the Guarantee Agreement

Unlike the 2019 Guarantee Agreement, under the Guarantee Agreement, the Company's subsidiaries, which are Xiamen BMW, Quanzhou Fubao, and Fujian Xingbao, are entitled to receive fees totalling RMB1,500,000 per annum.

The Group's entitlement to fees under the Guarantee Agreement has been agreed between the parties to the Guarantee Agreement after arm's length negotiations and was determined with reference to, among others, (i) the terms of the Guarantee Agreement, (ii) the estimated risk exposure in providing the such guarantee, including the fact that there was no default on the repayments of the facilities guarantees under the 2019 Guarantee Agreement as mentioned above; and (iii) the fee level of five market precedents comprised of non-financial institutions engaged in provision of guarantees with maximum exposure between RMB30 million and RMB70 million (being amounts comparable to the exposure under the Guarantee Agreement) in the 12-month period prior to the date of entering into of the Guarantee Agreement where the guarantee fees range from nil to 5.0% of the exposure amount and guarantee periods from one to three years/two years commencing from the date of drawdown of the relevant facilities. The Directors, having regard to the size of the maximum exposure and the guarantee fees in the precedents, as well as the guarantee periods in the precedents compared with the guarantee periods of the Facilities X and Facilities Y as explained in note (4) under the sub-heading "Calculation" on page 11 of this Circular, considered them to be fair and representative samples for a meaningful comparison.

In addition to the above mentioned fees, the Board, having regard to the Group's business model from as early as 2002, considers that the provision of the facilities guarantees under the Guarantee Agreement will help secure the Group's source of technical service fee income and other businesses from Zhong Bao Group.

LETTER FROM THE BOARD

Further, the Board will, in line with its practice in relation to the 2019 Guarantee Agreement, carry out Credit Risks Assessment in relation to the risks associated with the facilities guarantees under the Guarantee Agreement.

To the best knowledge of the Company, FZZB and NDZB have never defaulted in repayment.

In light of the above, the Board has examined the following matters related to each of FZZB and NDZB as part of its Credit Risk Assessment of FZZB and NDZB: (i) the inventory turnover and the level of obsolete stock, which are found to be comparable to one of the Group's major subsidiaries, (ii) the ageing analysis and turnover analysis of debtors which, when compared to one of the Group's major subsidiaries, are considered reasonable, (iii) the carrying amount of assets and the estimated value of the plant and equipment, which, in view of its size and structure and when compared to one of the Group's major subsidiaries, are considered reasonable; and (iv) the gearing ratio, which is not high when compared to one of the Group's major subsidiaries and is indicative of its ability to arrange repayment of short term as well as long-term liabilities.

The Board, in view of the above and the cash and bank position of each of FZZB and NDZB, considers that each of FZZB and NDZB has adequate cash flow in its day-to-day operations and adequate reserve of banking facilities.

Based on the above, the Board considers that, the credit risks in respect of each of FZZB and NDZB are low, and notwithstanding that no collateral will be received from FZZB or NDZB, the terms of the Guarantee Agreement are fair and reasonable and the entering into of the Guarantee Agreement and the provision of the facilities guarantees thereunder are in the interests of the Company and the Shareholders as a whole.

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

The total estimated maximum exposure for Facilities X and Facilities Y is approximately RMB51,000,000 (equivalent to approximately HK\$62,169,000) 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 Agreements in the scenario where no repayment (and the corresponding interests) is made by FZZB and NDZB during the loan period is based on the following assumptions:

- (1) The maximum amounts borrowed under Facilities X and Facilities Y are drawn by FZZB and NDZB respectively on the first day when the relevant facilities agreements are entered into.
- (2) The Group assumes the duty to pay off the default facilities and the liabilities and repay all of the principals in their entirety or in the capped amount immediately.

LETTER FROM THE BOARD

The interest rates of Facilities X and Facilities Y will be the prevailing market bank loan rate in the PRC. The forecasted maximum market bank loan rate for 2021 is approximately 6.0% and the actual bank loan rate used in the facilities in 2021 was approximately 5.2%.

(b) Calculation

The maximum exposure and liabilities under the Guarantee Agreement are calculated with reference to the information set out below:

	Facilities X		Facilities Y	
Principal (A)	RMB39,600,000	<i>(Note 1)</i>	RMB10,000,000	
Facility period	1 year	<i>(Note 2)</i>	1 year	<i>(Note 2)</i>
Maximum loan interest (B)	N/A		RMB600,000	<i>(Note 3)</i>
Guarantee period	4 years	<i>(Note 4)</i>	5 years	<i>(Note 4)</i>
Maximum penalty (C)	N/A		RMB300,000	<i>(Note 5)</i>
Facility fee (D)	N/A		RMB30,000	<i>(Note 6)</i>
			Total of	
			Facilities X and	
			Facilities Y	
Total Principal (A)	N/A	RMB10,000,000	RMB10,000,000	
Other liabilities (B+C+D)	N/A	RMB930,000	RMB930,000	
Estimated maximum exposure	RMB39,600,000	RMB10,930,000	RMB50,530,000	

Notes:

- (1) The total principal sum under Facilities X is RMB47,140,000. However, the total liability under the Facilities X Guarantee Agreement in respect of Facilities X is capped at RMB39,600,000 because when FZZB utilizes Facilities X, FZZB is also required to pledge a cash deposit to BOCOM(FZ) such that the remaining amount that will be subject to the guarantee to be provided by the Group will be RMB39,600,000.
- (2) The period of guarantee under the Guarantee Agreement is set at two years while the facility period in respect of each of Facilities X and Facilities Y is one year. The reason for this is that it is common practice for PRC based banks (i) to, after the expiry of the first one year of the facilities period, renew the facilities for another year, and (ii) upon renewing the facilities, to require guarantee to be provided. In view of the above and discussion with BOCOM(FZ) and BOCOM(ND) and FZZB and NDZB as to their current intentions, it is likely that each of Facilities X and Facilities Y will be renewed at the end of the first one year period, and by setting the period of guarantee under the Guarantee Agreement to cater for the renewal will save the Company administrative time and resources from having to seek shareholders' approval to provide guarantee upon the actual renewal.
- (3) Assuming the maximum market bank loan rate is approximately 6.0%.

LETTER FROM THE BOARD

- (4) Based on discussions with BOCOM(FZ) and BOCOM(ND) and the Group's experience in providing guarantees for intra-group transactions, the Group believes that it is a usual practice for BOCOM(FZ) and BOCOM(ND) to require a guarantee period of four years and five years respectively even though the period of each of the underlying facilities, that is, Facilities X and Facilities Y, is only one year.

The Group notes from its past experience that in practice a confirmation of release of guarantee will be obtained from the bank when the borrower fully repays the facilities, and the Group has obtained such confirmation before. Accordingly, while the guarantee period for Facilities X is four years and the guarantee period for Facilities Y is five years, the Group will endeavour to obtain the relevant confirmation of release with respect to the guarantees given in relation to Facilities X and Facilities Y as and when appropriate such that the actual guarantee period for each of Facilities X and Facilities Y will be no longer than two years.

The four-year guarantee period in relation to Facilities X and the five-year guarantee period in relation to Facilities Y will extend beyond the end of the term of the Guarantee Agreement, that is, 31 July 2023, by an additional two and an additional three years respectively. Similar situations have occurred in the past and the Group's experience and discussion with BOCOM(FZ) and BOCOM(ND) indicate that (i) this will not have any material impact on the granting of the Facilities X or Facilities Y or the issuance of confirmations of release upon repayment of the facilities, and (ii) during the additional two and three years no facilities other than Facilities X and Facilities Y will be required to be guaranteed.

The Board, having regard to the above, considers that while the Guarantee Agreement does not provide for fees beyond the guarantee period of two years and that no collateral is given in favour of the Group, the terms of the Guarantee Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

- (5) 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, and the 50% is adopted having regard to historical arrangement and further discussion with BOCOM(FZ) and BOCOM(ND).
- (6) 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, which percentage has been adopted with reference to the fees and expenses incurred by the Group for obtaining banking facilities from PRC based banks and discussions with BOCOM(FZ) and BOCOM(ND) on their usual practice in relation to fees and expenses.

4. Details of the Facilities Agreements

The principal terms of (1) the Facilities X Agreements entered into or to be entered into between FZZB as borrower and BOCOM(FZ) as lender and (2) the Facilities Y Agreements entered into or to be entered into between NDZB as borrower and BOCOM(ND) as lender are set out below. The Company will review the Facilities Agreements to be provided by the relevant bank before approving the same to ensure they contain the same principal terms, and in case of any discrepancy, the Company will ensure that FZZB or NDZB will discuss and negotiate with the relevant bank before a Facilities Agreement is entered into.

Set out below are the proposed principal terms of the Facilities X Agreement and the Facilities Y Agreement:

LETTER FROM THE BOARD

The Facilities X Agreement

Parties

- (a) FZZB
- (b) BOCOM(FZ)

Proposed Principal Terms

- (1) FZZB may borrow up to a maximum aggregated credit amount of RMB47.1million 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 BOCOM(FZ).
- (3) The usage period of the maximum aggregated credit amount is one year.
- (4) The credit facilities under Facilities X 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 BOCOM(FZ) shall be determined in the contracts to be agreed between FZZB and BOCOM(FZ).
- (6) BOCOM(FZ), at any time it chooses to, has the rights to investigate into the use of the credit limit as specified in the Facilities X Agreements. Under certain circumstances, BOCOM(FZ) may also adjust the loan period of Facilities X.
- (7) BOCOM(FZ) may require FZZB to provide additional guarantee other than the one to be provided by the Group.
- (8) If FZZB fails to fulfil its obligations under the relevant Facilities X Agreement, BOCOM(FZ) may terminate the use of the credit limit under the same.

The Facilities Y Agreements

Parties

- (a) NDZB
- (b) BOCOM(ND)

LETTER FROM THE BOARD

Proposed Principal Terms

- (1) NDZB may borrow up to a maximum aggregated credit amount of RMB10.0 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 BOCOM(ND).
- (3) The usage period of the maximum aggregated credit amount is one year.
- (4) The credit facilities under Facilities Y 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 BOCOM(ND) shall be determined in the contracts to be agreed between NDZB and BOCOM(ND).
- (6) BOCOM(ND), at any time it chooses to, has the rights to investigate into the use of the credit limit as specified in the Facilities Y Agreements. Under certain circumstances, BOCOM(ND) may also adjust the loan period of Facilities Y.
- (7) BOCOM(ND) may require NDZB to provide additional guarantee other than the one to be provided by the Group.
- (8) If NDZB fails to fulfil its obligations under the relevant Facilities Y Agreement, BOCOM(ND) may terminate the use of the credit limit under the same.

INFORMATION OF THE PARTIES

Xiamen BMW, Quanzhou Fubao, Fujian Xingbao and the Company

Xiamen BMW, an indirect 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. Xiamen BMW is wholly-owned by GAPL, a direct wholly-owned subsidiary of the Company.

Quanzhou Fubao, a wholly-owned subsidiary of Xiamen BMW, is principally engaged in the sales of automobiles and provision of repair and maintenance services for high-end automobiles.

Fujian Xingbao, a wholly-owned subsidiary of GAPL, is principally engaged in the provision of repair and maintenance services for high-end automobiles.

The Company is an investment holding company. The Group is principally engaged in the sales of automobiles, provision of car-related technical services, servicing of automobiles, sales of auto parts and provision of car rental services.

LETTER FROM THE BOARD

FZZB and NDZB

FZZB is a wholly-owned subsidiary of Xiamen Zhong Bao, and is principally engaged in the business of sales of automobiles in the PRC.

NDZB is a non-wholly owned subsidiary of Xiamen Zhong Bao, and is principally engaged in the business of sales of automobiles and provision of repair and maintenance services in the PRC.

Xiamen Zhong Bao

Xiamen Zhong Bao is principally engaged in the business of sales of motor vehicles in the PRC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Xiamen Zhong Bao and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

To the best of the knowledge, information and belief of the Directors, based on the best available information as at the Latest Practicable Date (i) the parent company of Xiamen Zhong Bao is Beijing Zhong Bao Excellent International Trading Co., Ltd.* (北京中寶卓越國際貿易有限公司) whose ultimate beneficial owner is Mr. Zhao Guiming and (ii) Mr. Zhao Guiming's spouse, Ms. Yang Liying, is interested in 23,000,000 Shares, representing approximately 4.8% of the issued share capital of the Company. Accordingly, Ms. Yang Liying and her associates shall abstain from voting at the EGM.

The Lenders to the Facilities

BOCOM(FZ) and BOCOM(ND), respectively lenders to Facilities X and Facilities Y, are branch companies of Bank of Communications Limited, a company established in the PRC. Bank of Communications Limited is principally engaged in banking and other related financial services.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, BOCOM(FZ) and BOCOM(ND) are third parties independent of the Company and its connected persons.

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 transactions contemplated under the 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 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 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

LETTER FROM THE BOARD

“Information of the Parties – Xiamen Zhong Bao” in this circular, no Shareholders or any of their respective associates have any material interest in the 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 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 4:00 p.m. on Friday, 30 July 2021, 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 Guarantee Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages 29 to 30 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.

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 Guarantee Agreement are fair and reasonable and that the resolutions 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 resolutions at the EGM.

LETTER FROM THE BOARD

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
Luo Wan Ju
Chairman

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three-month period ended 31 March 2021 and the years ended 31 December 2018, 2019 and 2020 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>):

- first quarterly report of the Company for the three months ended 31 March 2021 published on 13 May 2021 (pages 2-7) (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0513/2021051301112.pdf>)
- annual report of the Company for the year ended 31 December 2020 published on 30 March 2021 (pages 44-135) (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001662.pdf>);
- annual report of the Company for the year ended 31 December 2019 published on 6 May 2020 (pages 40-127) (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0506/2020050601870.pdf>);
- annual report of the Company for the year ended 31 December 2018 published on 28 March 2019 (pages 41-127) (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328413.pdf>).

INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2021, 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\$734.5 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 May 2021:

	<i>HK\$'000</i>
Bank borrowings	354,043
Other borrowings	143,209
Bills payables	92,328
Lease liabilities	144,898
	<hr/>
	734,478
	<hr/> <hr/>

Analysed as:

	Secured	Unsecured	Total secured and unsecured	Guaranteed	Unguaranteed	Total guaranteed and unguaranteed
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Bank borrowings	273,588	80,455	354,043	297,938	56,105	354,043
Other Borrowings	143,209	-	143,209	143,209	-	143,209
Bills payables	92,328	-	92,328	90,211	2,117	92,328
Lease Liabilities	4,533	140,365	144,898	2,590	142,308	144,898
Total	<u>513,658</u>	<u>220,820</u>	<u>734,478</u>	<u>533,948</u>	<u>200,530</u>	<u>734,478</u>

- As at 31 May 2021, the Group's bank borrowings of approximately HK\$24.4 million were secured by the Group's leasehold lands and jointly guaranteed by Zhong Bao group companies and a substantial shareholder of the Company.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$22.1 million were secured by the Group's leasehold lands and guaranteed by a subsidiary of the Group.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$28.0 million were secured by the Group's leasehold lands and bank deposit of approximately HK\$3.8 million and no guarantee is involved.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$61.0 million were secured by the Group's leasehold lands and bank deposit of approximately HK\$18.3 million and jointly guaranteed by Zhong Bao group companies and a substantial shareholder of the Company.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$28.1 million were secured by the Group's leasehold lands and no guarantee is involved.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$15.8 million were secured by the properties owned by Zhong Bao Group and jointly guaranteed by a subsidiary of the Group and a substantial shareholder of the Company.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$23.3 million were secured by the properties owned by a related company of a substantial shareholder of the Company and guaranteed by a substantial shareholder of the Company.
- As at 31 May 2021, the Group's bank borrowings of approximately HK\$46.5 million were secured by the Group's bank deposits of approximately HK\$3.5 million and jointly guaranteed by the Company and a substantial shareholder of the Company.

9. As at 31 May 2021, the Group's bank borrowings of approximately HK\$24.4 million were secured by the Group's bank deposits of approximately HK\$7.5 million and jointly guaranteed by certain subsidiaries of the Group and a substantial shareholder of the Company.
10. As at 31 May 2021, the Group's bank borrowings of approximately HK\$42.7 million were guaranteed by Zhong Bao group companies and no security is involved.
11. As at 31 May 2021, the Group's bank borrowings of approximately HK\$37.8 million were guaranteed by certain subsidiaries of the Group and no security is involved.
12. As at 31 May 2021, the Group's other borrowings of approximately HK\$109.7 million were secured by the Group's deposits of approximately HK\$13.3 million and jointly guaranteed by Zhong Bao Group companies and a substantial shareholder of the Company.
13. As at 31 May 2021, the Group's other borrowings of approximately HK\$23.8 million were secured by the Group's deposits of approximately HK\$3.6 million and guaranteed by a subsidiary of the Group.
14. As at 31 May 2021, the Group's other borrowings of approximately HK\$8.4 million were secured by the Group's assets and jointly guaranteed by a Zhong Bao group company, a substantial shareholder of Zhong Bao group and a substantial shareholder of the Company.
15. As at 31 May 2021, the Group's other borrowings of approximately HK\$1.3 million were secured by the Group's assets and guaranteed by the Company.
16. As at 31 May 2021, the Group's bills payables of approximately HK\$11.9 million were secured by the Group's leasehold lands and bank deposits of approximately HK\$3.8 million, and guaranteed by certain subsidiaries of the Group.
17. As at 31 May 2021, the Group's bills payables of approximately HK\$34.7 million were secured by the Group's leasehold lands and bank deposits of approximately HK\$10.4 million and guaranteed by Zhong Bao group companies and a substantial shareholder of the Company.
18. As at 31 May 2021, the Group's bills payables of approximately HK\$26.1 million were secured by the Group's bank deposits of approximately HK\$12.1 million and guaranteed by Zhong Bao Group companies.
19. As at 31 May 2021, the Group's bills payables of approximately HK\$17.4 million were secured by the Group's bank deposits of approximately HK\$5.3 million and guaranteed by certain subsidiaries of the Group.
20. As at 31 May 2021, the Group's bills payables of approximately HK\$2.1 million were secured by the Group's bank deposits of approximately HK\$0.2 million and no guarantee is involved.
21. As at 31 May 2021, the Group's lease liabilities of approximately HK\$2.6 million were secured by Group's assets and guaranteed by the Company.

22. As at 31 May 2021, the Group's lease liabilities of approximately HK\$1.9 million were secured by Group's assets and no guaranteed is involved.

The borrowings in items 1, 4, 6, 10, 12, 14, 17 and 18 involve guarantees given on the part of Zhong Bao group companies. This arrangement has historically stemmed from the Zhong Bao group's guarantor role providing guarantees to the banks in the ordinary course of business of Quanzhou Fubao (which was acquired by Group as announced on 23 December 2016) and which role the Zhong Bao Group has continued to play post-acquisition at the banks' request for ease of their internal administration in terms of dealing with the same guarantor. In addition, this arrangement is independent of the Guarantee Agreement and is part of relationship building with business partners integral to the business model of the Group since the Company's listing in 2002 involving technical and cooperation arrangement with the Group's business partners including the Zhong Bao group.

Pledge of assets

As at 31 May 2021, certain motor vehicles and plant and machinery with net carrying amount of approximately HK\$3.0 million was pledged as collateral for the other borrowings of the Group.

As at 31 May 2021, certain motor vehicles with net carrying amount of approximately HK\$16.8 million was pledged as collateral for the lease liabilities of the Group.

As at 31 May 2021, buildings with net carrying amount of approximately HK\$26.4 million was pledged as collateral for the bank borrowings of the Group.

As at 31 May 2021, leasehold land with net carrying amounts of approximately HK\$78.1 million and HK\$2.8 million were pledged as collateral for the bank borrowings of the Group and Xiamen Zhong Bao, respectively.

As at 31 May 2021, the Group's bank deposits of approximately HK\$81.7 million and HK\$12.5 million were pledged in respect of borrowings facilities granted to the Group and providing securities to suppliers, respectively.

Contingent liabilities and guarantees

As at 31 May 2021, the Group had the following contingent liabilities and guarantees in the ordinary course of business:

Guarantees for bank loans to	RMB 92.0 million
Xiamen Zhong Bao	(equivalent to approximately HK\$112.1 million)

Saved as disclosed above, no member of the Group is engaged in any litigation or claims known to the Directors to be pending or threatened materially 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 Guarantee Agreement, 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 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, Quanzhou Fubao and Fujian Xingbao, as guarantors, will be responsible to make repayment of banking facilities with interests and charges amounting to approximately RMB51.0 million (equivalent to approximately HK\$62.2 million) in case FZZB and NDZB default in making payments under the relevant banking facilities.

In the event that FZZB and NDZB were to default in making payments under the relevant banking facilities, the Company's liabilities would be increased by approximately RMB51.0 million (equivalent to approximately HK\$62.2 million) being the amount guaranteed under the Facilities X Guarantee Agreements and Facilities Y Guarantee Agreements, and the same amount will be charged to the Group's income statement.

In assessing FZZB and NDZB's credit risk, the Board not only takes into consideration the long history of cooperation between the Group and FZZB and NDZB starting from 2003, the Board also performs a financial assessment on FZZB and NDZB's asset, quality, leverage and liquidity ratios.

In particular, the Board examines the following matters related to FZZB and NDZB as part of its assessment on the credit risk of FZZB and NDZB annually:

- (i) the turnover of inventory and the level of obsolete stock of FZZB and NDZB;
- (ii) an ageing analysis of FZZB and NDZB's debtors;
- (iii) the carrying amount of assets of FZZB and NDZB;
- (iv) an estimation of the value of the plant and equipment of FZZB and NDZB;
- (v) the gearing ratio of FZZB and NDZB to meet its short-term obligations as well as its long-term liabilities;

- (vi) the past history of FZZB and NDZB's ability to repay its bank loans; and
- (vii) the ability of FZZB and NDZB in maintaining an adequate cash flow in its day-to-day operations and an adequate reserve of banking facilities.

In addition to the above financial assessment, from time to time the Board compares the available financial information of FZZB and NDZB with other publicly available information. The Board also makes qualitative assessment on FZZB and NDZB's operations based on observations of its operations and discussions with its management and staff. Based on the above, the Board is of the view that the credit risk of FZZB and NDZB is low.

After considering the previous financial and operational performance of FZZB and NDZB and that FZZB and NDZB 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 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) there will be no cash flow impact. On the contrary it is also expected that the cash inflow from operating activities and earnings of the Group will increase as the Group continues to provide technical and management services and carry out car servicing activities.

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 2020, being the date to which the latest published audited financial statements of the Company were made up.

FINANCIAL AND TRADING PROSPECTS

The year 2020 was both challenging and disruptive. The outbreak of novel coronavirus (COVID-19) adversely affected the economy around the world. The PRC government was quick to implement various measures to combat the COVID-19 pandemic including the extension of the lunar new year holiday, various stay-home orders across all cities, and restriction on business resumption during February and March 2020. These measures and restriction have adversely affected the performance of the Group in the first quarter of 2020.

Starting in the second quarter of 2020, the COVID-19 measures in the PRC were eased. The rebound in general consumption has led to an increase in revenue from the sales of motor vehicles.

Going forward in 2021, along with the uncertainties brought from COVID-19 and other unpredictable challenges such as the dynamics of geopolitical conflicts, the Group will continue to exercise vigilant cost control to improve productivity and uphold quality service to customers and with long-term good relationships with leading automobile suppliers of premium and ultra-luxury brands. The Group endeavours to overcome any hurdle ahead and realize its value to the shareholders and business partners.

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 the 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 5.48 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	Approximate percentage of shareholding
Luo Wan Ju	Personal interest	8,000,000	1.68%
Ma Hang Kon, Louis	Personal interest	500,000	0.10%
Xue Guo Qiang	Personal interest	19,484,000	4.09%
Zhang Xi	Personal interest	500,000	0.10%

Save as disclosed above, as at Latest Practicable Date, none of the Directors or their associates has any interests or short positions 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 Latest Practicable Date, the persons or corporations (other than Directors or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Loh Nee Peng	Beneficial owner and interest of a controlled corporation (<i>Note 1</i>)	107,780,320	22.63%
Loh & Loh Construction Group Ltd.	Beneficial owner (<i>Note 1</i>)	45,284,000	9.51%
Big Reap Investment Limited	Beneficial owner (<i>Note 1</i>)	32,676,320	6.86%
Galligan Holdings Limited	Beneficial owner (<i>Note 2</i>)	39,700,000	8.34%
Credit Suisse Trust Limited	Interest of a controlled corporation (<i>Note 2</i>)	39,700,000	8.34%

Notes:

1. The 107,780,320 shares are held as to 32,676,320 shares by Big Reap Investment Limited, 45,284,000 shares by Loh & Loh Construction Group Ltd as well as 29,820,000 shares directly by Mr. Loh Nee Peng. Big Reap Investment Limited is interested as to 100% by Mr. Loh Nee Peng and Loh & Loh Construction Group Ltd is interested as to 64% by Mr. Loh Nee Peng. By virtue of Part XV 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.
2. The 39,700,000 shares are held by Galligan Holdings Limited which is interested as to 100% indirectly by Credit Suisse Trust Limited. By virtue of the SFO, Credit Suisse Trust Limited is deemed to be interested in the shares held by Galligan Holdings Limited.

Save as disclosed above, as at Latest Practicable Date, the Directors not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the controlling shareholders of the Company had any interest in a business which competes or may compete 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. Yuen Kin Pheng and Ms. Guan Xin. 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 (周明) ("Mr. Zhou"), aged 48, 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. He was appointed as an independent non-executive Director of the Company in November 2015.

Mr. Yuen Kin Pheng

Mr. Yuen Kin Pheng (阮健平) ("Mr. Yuen"), aged 71, currently the advisor to Spirit Aero Systems, a large aero structures manufacturer in the United States of America. Throughout his career, he held various senior executive leadership positions in Fortune 500 companies as well as major listed companies in Singapore, covering businesses in the Asia Pacific region. His executive positions included chief executive officer, president and vice president, spanning across various industries such as aerospace and aviation, HVAC (heating, ventilation and air conditioning), diesel engines, home appliances and building materials. Mr. Yuen has a distinguished career with the Republic of Singapore Air force with a number of diverse positions in operations, planning and administration. He left the service to pursue a second career in business after 18 years with the rank of Lieutenant Colonel. Mr. Yuen holds a bachelor's degree (First-Class Honors) in business administration and a master of business administration from the National University of Singapore and completed the advanced management program from the Wharton School of Business at the University of Pennsylvania, United States of America. He was appointed as an independent non-executive Director of the Company on 23 March 2017.

Ms. Guan Xin

Ms. Guan Xin (關新) ("Ms. Guan"), aged 45, is currently the general manager of a company providing management, training and consultancy services in the PRC. She has extensive experience in other major industries including finance, renewable energy, telecommunication and public accounting. Ms. Guan graduated from the Guanghua School of Management of Peking University with a master degree in professional accounting and is a certified public accountant in the PRC. She was appointed as an independent non-executive Director of the Company in July 2016.

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 2020, 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
Grant Thornton Hong Kong Limited ("Grant Thornton")	Certified Public Accountants

Grant Thornton 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, Grant Thornton:

- (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 2020, 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 2019 Guarantee Agreement dated 12 November 2019 entered into between Xiamen BMW and GAPL on the one hand and Xiamen Zhong Bao on the other whereby Xiamen BMW and GAPL have guaranteed Xiamen Zhong Bao's banking facilities in its ordinary course of business up to a maximum aggregate amount of RMB120.0 million (equivalent to approximately HK\$133.3 million) in favour of BOC and CMS Bank, and save for the pledge of the Non-Business Operation Property (which has a net book value of RMB2.9 million as at 31 October 2019) on the part of GAPL, no fees, charges or security of any kind was required from any party thereto; and
- (b) the Guarantee Agreement dated 7 June 2021 entered into between Xiamen BMW, Quanzhou Fubao and Fujian Xingbao on the one hand and FZZB and NDZB on the other whereby Xiamen BMW, Quanzhou Fubao and Fujian Xingbao have conditionally agreed to guarantee FZZB and NDZB's banking facilities incurred or may be incurred in their ordinary course of business up to a maximum aggregate amount of RMB51.0 million (equivalent to approximately HK\$62.2 million) in favour of BOCOM(FZ) and BOCOM(ND) from 1 August 2021 to 31 July 2023 for fees totalling RMB1,500,000 per annum, and save for such fees, no other fees, charges or security of any kind is required from any party thereto.

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 Friday, 30 July 2021:

- (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 written consent referred to in the paragraph headed "Qualification and Consent of Expert";
- (d) the annual reports of the Company for the financial years ended 31 December 2018, 2019 and 2020; and
- (e) this circular.

GENERAL INFORMATION

- (a) The company secretary of the Company is Mr. Ma Hang Kon, Louis, who is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Chartered Governance Institute.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The head office of the Company is at 51 Goldhill Plaza, #15-05, Singapore 308900.
- (d) The principal place of business of the Company in Hong Kong is at unit 1203, 12th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong.
- (e) 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.
- (f) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.
- (g) 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 4:00 p.m., on Friday, 30 July 2021, 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 15 July 2021 of which the notice convening the EGM forms part.

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

ORDINARY RESOLUTION

“THAT

- (a) the Guarantee Agreement entered into among Xiamen BMW, Quanzhou Fubao, Fujian Xingbao, FZZB and NDZB, 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) any director of the Company 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 he/she may in his/her 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 Guarantee Agreement and the transactions contemplated thereunder, including but not limited to the Facilities Guarantees.”

Yours faithfully,
By order of the Board
G.A. Holdings Limited
Luo Wan Ju
Chairman

Hong Kong, 15 July 2021

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
No. 8 Hysan Avenue
Causeway Bay, Hong Kong

Head office in Singapore:

51 Goldhill Plaza
#15-05
Singapore 308900

Notes:

1. 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.
2. 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.
3. 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.