

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE

This announcement is made by G.A. Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to update the shareholders and potential investors of the Company on the latest business development of the Group.

References are made to following announcements (“**Announcements**”):

- (a) the inside information announcements of the Company dated 16 September 2024, 20 September 2024 and 25 October 2024 in relation to, among others, termination with effect from 20 October 2024 by a car manufacturer (“**Car Manufacturer**”) of the dealers agreements entered into with the Group (“**Termination**”); and
- (b) the announcement of the Company dated 20 November 2024 in relation to the Group’s entering into with an independent third party of two leasing agreements whereby the Group agreed to lease the lands, buildings, plant and equipment located at Quanzhou Fubao and Longyan Zhongbao in consideration for rental income.

Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The purpose of this announcement is to update shareholders and potential investors on the impact of the Termination on the Company as a whole and the Group’s business plan and strategy.

IMPACT OF THE TERMINATION ON THE COMPANY AS A WHOLE

Following the Termination, the Company has made an assessment on the revenues directly and indirectly attributable to the motor vehicles carrying a particular brand owned by the Car Manufacturer (“**Terminated Brand**”), which revenues are categorized in the Group’s financial statements as (i) sales of motor vehicles, (ii) servicing of motor vehicles and sales of auto parts, and (iii) technical income. Based on the assessment, it is expected that as a result of the Termination the Company would no longer record the above categories of revenues, which in total contributed to 97.3% of the Company’s total revenue for the six months ended 30 June 2024. Excluding the above categories of revenues, the

remaining 2.7% of the total revenue of the Company for the six months ended 30 June 2024 amounted to approximately HK\$22.7 million.

IMPACT OF THE TERMINATION ON THE COMPANY'S REVENUE DERIVED FROM ZHONG BAO GROUP

The Group has maintained long term business relationship with Xiamen Zhong Bao and its related companies (collectively, “**Zhong Bao Group**”). Pursuant to the technical and management service agreements entered into between the Group and Zhong Bao Group (as more particularly elaborated in the circular of the Company dated 26 October 2016), the Group would provide technical expertise, management service and financial assistance to Zhong Bao Group including making advances for the operations of the distribution of locally manufactured BMW motor vehicles in the PRC by Zhong Bao Group (“**Advances**”). The technical service fee charged by the Group is based on agreed terms with reference to the monthly actual sales quantity of specified car model of Zhong Bao Group. At the time of the Termination, Zhong Bao Group (including Xiamen Zhong Bao) was the only partner cooperating with the Group under the technical and cooperation agreement.

Other than as stated above, the Group sells motor vehicles, auto parts, provides motor vehicles services to the customers of Zhong Bao Group, and the Group also provide facilities guarantees in favour of Zhong Bao Group pursuant to a two-year guarantee agreement dated 5 June 2023 and a two-year guarantee agreement dated 16 October 2023 entered into with Zhong Bao Group (“**Guarantee Agreements**”), as detailed in the circulars of the Company dated 10 July 2023 and 22 November 2023.

Revenues generated from Zhong Bao Group

During the three years ended 31 December 2023 and 6 months ended 30 June 2024, the Group generated revenue from Zhong Bao Group as follows:-

	Year ended 31 December			6 months ended
	2021	2022	2023	30 June 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
- Technical service income	10,222	10,010	8,896	3,871
- Sales of motor vehicles	70,650	84,701	89,014	39,129
- Servicing of motor vehicles and sales of autoparts	72,266	73,444	86,690	36,493
Other income				
- Financial guarantee income	709	1,643	1,461	623
- Operating lease income	159	153	135	75
Total	154,006	169,951	186,196	80,191

Impact of the Termination

Following the Termination, it is envisaged that no revenue will be generated from Zhong Bao Group.

With regard to the Advances, as at 30 September 2024, the outstanding Advances in total amounted to HK\$1,046 million. The Group has allowed a credit period of 9 months for such Advances in view of its long business relationships with Zhong Bao Group, and the Group will not be making further Advances to Zhong Bao Group. In relation to that portion of the Advances that have become due, the Group has sought legal and professional advice for recovering the same.

With regard to the Guarantee Agreements, after the end of the two-year periods therein (that is, after 31 July 2025 and 31 December 2025), the Group will not provide facilities guarantees in favour of Zhong Bao Group.

REMAINING BUSINESSES

The remaining businesses of the Group comprised of those businesses which are not directly or indirectly attributable to the Terminated Brand (“**Remaining Businesses**”):

- (a) After sales
- (b) Car rental services in Hong Kong
- (c) Motor vehicle sales
- (d) Leasing of motor vehicle servicing premises

The Group has been operating the Remaining Businesses (except “leasing of motor vehicles servicing premises”) in more or less the same way for well over a decade. For more details, please refer to the Company’s 2023 annual report and 2024 interim report.

In view of the Termination, the Company has devised its latest business plan in relation to the Remaining Businesses as particularized below.

BUSINESS PLAN AND STRATEGY

Of the Remaining Businesses, the Company plans to focus on (a) after sales service (“**After Sales Service**”) on mainland China and (b) Car Rental Services in Hong Kong, which attract higher profit margins than pure Motor Vehicle Sales. In addition, the Group has already leased out certain motor vehicle servicing premises and have plans to lease out certain other such premises to generate rental revenue.

After Sales Service

After Sales Service refers to providing auto servicing including maintenance and repair services, sales of spare parts, automobiles detailing services and other value-added services.

Fujian Xingdebao Automobiles Sales and Service Company Limited* (福建星德寶汽車銷售服務有限公司) (“**FJXDB**”), a wholly-owned subsidiary of the Company, has been carrying out After Sales Services at premises it owns in Qingkou, Fuzhou Province, for nearly a decade, and has developed its reputation in the Qingkou area as a premium auto servicing centre.

Fuzhou Qingkou Investment Zone is a provincial-level investment zone situated to the southeast of Fuzhou, the capital city of Fujian Province. The layout area of the Fuzhou Qingkou Investment Zone

encompasses Qingkou Town, Xiangqian Town and Shanggan Town in Minhou County, and covers some 56 square kilometers, of which 16 square kilometers is planned for industrial use, and 10 square kilometers are already fully utilized by industries from various sectors including the machinery and the electronics sectors, while the automobile sector represents the largest occupants. Thus the Company believes that FJXDB is well placed to serve the premium auto servicing market in the Qingkou and surrounding areas.

The Qingkou premises owned by FJXDB is a 3-storey facility comprising a total floor space of 1,500 square meters. The premises is a premium auto servicing centre for conventional internal combustion engine cars (**ICE cars**) purposely built for the Terminated Brand, while it has also been servicing two other premium European brands for a number of years.

FJXDB has already developed a solid reputation in providing premium services to certain luxury brands established in Fujian. The Company notes that the equipment and the set-up of the FJXDB premium auto servicing centre can be readily adapted with minimal capital expenditure to service other luxury ICE cars. The Company has in place technical adaptation plan and marketing strategy whereby towards the end of Q1 2025, the FJXDB premium auto servicing centre will position itself as a premium auto servicing centre for all major luxury brands established in Fujian Province.

Among the Company's technical adaptation plan is for FJXDB premium auto servicing centre to provide services to electric vehicles (**EVs**) on works such as sheet metal (auto body), which are totally within the current expertise of FJXDB.

Motor Vehicle Sales

The Company has been selling a luxury European brand car and providing after sales service for over a decade at a 4S shop in Fuzhou city. While revenue generated from sales and after sales service of this brand has been insignificant relative to the Company's total revenue and is not expected to pose much growth in 2025, the Company intends to continue to carry on this business as it will anchor the Company's position in the luxury car market, thereby augmenting the Company's After Sales Service strategy.

Car Rental Services in Hong Kong

The Company has been the sole franchisee of Hertz International in Hong Kong since 2003. The Company believes that it is the market leader in the Hong Kong premium corporate rental market with one of the largest fleets of rental cars and long term agreements with major corporations and MNCs serving their car rental needs.

Based on information in the past six months, and considering recent government effort to bring in businesses and talents to Hong Kong, the Company believes the corporate rental market will continue to pose significant improvements in 2025.

Leasing of Motor Vehicle Servicing Premises

Quanzhou Fubao ("QZ") and Longyan Zhongbao ("LY") premises

As disclosed in the announcement of the Company dated 20 November 2024, the Group has entered into two leasing agreements with an independent third party, which is a 4S dealer authorized by the Car Manufacturer, whereby the Group has leased the current lands, buildings, and related plant and equipment located at QZ and at LY to generate rental income.

From the above experience of leasing premises bundled with motor vehicle servicing plant and equipment, the Company noted the unique demand for such premises in the rental market, and has since also leased out premises in Xiamen. After making further assessment of its other premises and market condition, the Company has come up with further plans for leasing out premises owned by FJXDB. Details of the Xiamen premises and the FJXDB premises are set out below.

Xiamen premises

The Xiamen premises comprises a 3-storey commercial building erected on a land with site area of approximately 11,000 square meters and has a gross floor area about 9,000 square meters. The Group has recently leased out the Xiamen premises and the facilities there to another 4S dealer authorized by the Car Manufacturer.

FJXDB premises

As mentioned under the above sub-heading “After Sales Service”, the FJXDB premises encompasses a total floor space of approximately 1,500 square meters, which includes showroom area, after sales service area, and office spaces. With the spacious building at the FZXDB location, the Company plans to lease out excess space as flagship showroom for EVs, thereby raising awareness of the premium service centre among car owners.

Further business strategies and plans going forward

The Board will continue to evaluate the Group’s business strategies and plans going forward and will keep the shareholders of the Company informed as and when appropriate.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board
G.A. Holdings Limited
Ma Hang Kon Louis
Executive Director and Company Secretary

Hong Kong, 25 February 2025

As at the date of this announcement, the Board comprises Mr. Choy Choong Yew and Mr. Ma Hang Kon, Louis, being the executive Directors; and Ms. Guan Xin, Mr. Lin Ju Zheng and Ms. Pang Yuen Shan, Christina, being the independent non-executive Directors.