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Guan Chao Holdings Limited

冠轆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1872)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES REPRESENTING 20% OF THE SHARE CAPITAL IN SEV HOLDING PTE. LTD.

INTRODUCTION

The Board is pleased to announce that on 8 June 2022 (after trading hours), the Investor, an indirect wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with the Target Company and the Existing Shareholder, pursuant to which the Investor has agreed to subscribe, and the Target Company has agreed to allot and issue to the Investor, the Subscription Shares which shall represent 20% of the total issued shares in the Target Company immediately after Completion for a subscription consideration of SGD2,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio as defined in the Listing Rules exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Subscription is subject to the announcement requirements under the Listing Rules but exempt from shareholders' approval requirement under the Listing Rules.

Shareholders and potential investors should note that Completion of the Subscription is subject to the satisfaction (or waiver, if applicable) of certain Conditions under the Share Subscription Agreement, and completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

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THE SHARE SUBSCRIPTION AGREEMENT

Principal terms of the Share Subscription Agreement are summarised as follows:

Date

8 June 2022 (after trading hours)

Parties

- (1) The Investor: Vincar Pte. Ltd., an indirect wholly-owned subsidiary of the Company
- (2) The Target Company: SEV Holding Pte. Ltd., the issuer of the Subscription Shares
- (3) The Existing Shareholder: Ms. Kwek Yan Ping, the sole shareholder of the Target Company as at the date of this announcement

Assets to be acquired

20 shares in the Target Company which shall represent 20% of the total issued shares in the capital of the Target Company immediately after Completion.

Consideration

Pursuant to the Share Subscription Agreement, the aggregate consideration of the Subscription is SGD2,000,000, which shall be payable on Completion to the Target Company.

The Investor had advanced SGD2,500,000 to the Target Company for the purposes of the acquisition by the Target Company of shares in the capital of Singapore Electric Vehicles. The Subscription Consideration payable by the Investor on Completion shall be set-off in full against such amount, and such set-off shall constitute full discharge of the Investor's obligation to pay the Subscription Consideration on Completion.

The Subscription Consideration was arrived at by the Investor and the Target Company on a willing buyer willing seller basis.

Completion

Completion under the Share Subscription Agreement will take place on the date falling one business day after the satisfaction or waiver of the conditions under the Share Subscription Agreement.

Conditions

Completion is conditional upon, among other things, the following conditions having been satisfied or waived:

- (a) the Investor having undertaken and having completed its due diligence investigations in respect of the Target Group and the results of such due diligence investigation being satisfactory to the Investor in its absolute discretion;
- (b) there being no present, pending or threatened claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration against the Target Group;
- (c) there not having been at any time hereafter any material adverse change in relation to the affairs, operations, businesses, properties, financial condition and/or prospects of the Target Group;

- (d) all the warranties given by the Target Company and the Existing Shareholder under the Share Subscription Agreement being true, accurate and not misleading as at the Completion Date;
- (e) all covenants and undertakings of the Existing Shareholder and the Target Company under the Share Subscription Agreement having been complied with as at the Completion Date;
- (f) the subscription, allotment and issuance of the Subscription Shares upon the terms and conditions of the Share Subscription Agreement not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and any other relevant jurisdictions;
- (g) all approvals, consents, licences, permits, waivers and exemptions for the allotment and issuance of the Subscription Shares and its Completion and the transactions contemplated under the Share Subscription Agreement being granted by third parties including all legislative, executive, regulatory, judicial or other authorities in Singapore, or any other jurisdiction to the Investor and/or the Target Company (as the case may be) and where any such approval is subject to conditions, such conditions being acceptable to the Investor, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, and such approvals remaining in full force and effect; and
- (h) the completion of the issuance of 79 Shares by the Target Company to the Existing Shareholder.

The Investor may waive any or all of such conditions.

Appointment of directors to the Target Group

On Completion, the Investor shall be entitled to nominate a person to be appointed as a director of each of the Target Company, Singapore Electric Vehicles and Singcharge Digital Energy.

Reserved matters

For the period on and after Completion for as long as the Investor is a shareholder of the Target Company, the Target Company shall not, and the Existing Shareholder shall procure that the Target Company shall not, and the Target Company and the Existing Shareholder shall procure that each of the other companies in the Target Group shall not, engage in any activity or determine any matter or take any action, or enter into any commitment or agreement to do anything or take the following actions, or enter into any commitment or agreement to do anything or take the following actions, among others, without the prior consent of the Investor after consultation with the Investor (such consent not to be unreasonably withheld or delayed):

- (a) the payment of fees or remuneration of the directors of any company in the Target Group;
- (b) any company in the Target Company commencing, defending or settling any litigation, arbitration or administrative proceedings;
- (c) any change in the issued or paid-up share capital of any company in the Target Group;
- (d) any amendment to the constitution, the memorandum of association and/or the articles of association or equivalent constitutional document of any company in the Target Group; and
- (e) (i) any change in the nature and/or scope of the business or the principal activities of any company in the Target Group, (ii) any termination, cessation or disposal of business of any company in the Target Group or (iii) the commencement of any new business of any company in the Target Group.

REASONS AND BENEFITS OF THE SUBSCRIPTION

In line with Singapore's focus of developing a greener and more sustainable land transport sector in Singapore, the Group intends to expand its business into the electric vehicle market. With the Target Company's established presence and strong track record in Singapore, the Group has an immediate platform to expand its business in the electric vehicles market in Singapore.

The Directors consider that the Share Subscription Agreement is on normal commercial terms and the terms of the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

Information on the Target Company

The Target Company is a company incorporated in Singapore on 10 November 2021. The Target Company's principal business activity includes the sales and leasing of motor vehicles and investment holding.

The Target Company holds a 90% shareholding interest in Singapore Electric Vehicles. Singapore Electric Vehicles is a company incorporated in Singapore on 25 June 1998. Singapore Electric Vehicles' principal business activity includes the sales and leasing of motor vehicles. Digilife Technologies Limited, a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited, holds the remaining 10% shareholding interest in Singapore Electric Vehicles.

The Target Company also holds a 100% shareholding interest in Singcharge Digital Energy. Singcharge Digital Energy is a company incorporated in Singapore on 26 April 2022. Singcharge Digital Energy's principal business activity includes the provision of charging services for electric vehicles.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company is a third party independent of the Company and its connected persons.

Financial information on the Target Group

The Target Company was incorporated in November 2021 and there are no audited or unaudited financial statements of the Target Company. There are also no consolidated group accounts for the Target Group.

The Target Company's 90% shareholding interest in Singapore Electric Vehicles was acquired by the Target Company on 29 April 2022. The table below sets out the audited financial information of Singapore Electric Vehicles for the year ended 31 December 2020 and the unaudited financial information of Singapore Electric Vehicles for the year ended 31 December 2021 respectively:

	For the year ended	
	31 December	
	2020	2021
	<i>SGD</i>	<i>SGD</i>
Revenue	880,459	1,084,997
Net loss before taxation	645,460	396,440
Net loss after taxation	645,460	396,440

Based on the audited financial information of Singapore Electric Vehicles for the year ended 31 December 2020, Singapore Electric Vehicles has a negative net asset value of SGD3,000,821 as at 31 December 2020. Based on the unaudited financial information of Singapore Electric Vehicles for the year ended 31 December 2021, the net asset value of Singapore Electric Vehicles as at 31 December 2021 was SGD4,770,160.

Singcharge Digital Energy was incorporated on 26 April 2022 and there are no audited or unaudited financial statements of Singcharge Digital Energy.

Information on the Existing Shareholder

As at the date of this announcement, the Existing Shareholder is the sole shareholder and sole director of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Existing Shareholder is a third party independent of the Company and its connected persons.

Information on the Company

The Group is principally engaged in selling new parallel-import motor vehicles and pre-owned motor vehicles, with the main business being the sales of brand new parallel-import motor vehicles in Singapore. Apart from the sales of motor vehicles, the Group also provides related services and products, such as (i) provision of motor vehicle financing services; (ii) provision of motor vehicle insurance agency services; (iii) sales of motor vehicle spare parts and accessories; and (iv) provision of motor vehicles leasing services.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio as defined in the Listing Rules exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Subscription is subject to the announcement requirements under the Listing Rules but exempt from shareholders' approval requirement under the Listing Rules.

Shareholders and potential investors should note that Completion of the Subscription is subject to the satisfaction (or waiver, if applicable) of certain Conditions under the Share Subscription Agreement, and completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein shall have the following meanings:

“Board”	the board of Directors;
“Company”	Guan Chao Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription in accordance with the terms of the Share Subscription Agreement;
“Completion Date”	the date on which Completion takes place, being the date falling one business days subject to the satisfaction or waiver of the conditions under the Share Subscription Agreement;
“Conditions”	the conditions precedent to the Share Subscription Agreement, the major terms of which are set out in the section headed “Conditions” in this announcement;
“connected person”	has the meaning as ascribed to the term under the Listing Rules;
“Consideration”	the sum of SGD2,000,000 to be paid by the Company to the Target Company on Completion in accordance with the terms of the Share Subscription Agreement;

“Director(s)”	director(s) of the Company;
“Existing Shareholder”	Ms. Kwek Yan Ping, being the sole shareholder and director of the Target Company as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Investor”	Vincar Pte. Ltd., a private company limited by shares incorporated in Singapore and an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“SGD”	Singapore dollars, the lawful currency of Singapore;
“Share Subscription Agreement”	the share subscription agreement dated 8 June 2022 entered into among the Investor, the Target Company and the Existing Shareholder in relation to the subscription by the Investor of the Subscription Shares;
“Singapore Electric Vehicles”	Singapore Electric Vehicles Pte. Ltd., a private company limited by shares incorporated in Singapore. As at the date of this announcement, it has 8,167,422 shares issued and outstanding, of which 7,350,680 shares are owned by the Target Company and 816,742 shares are owned by Digilife Technologies Limited;
“Singcharge Digital Energy”	Singcharge Digital Energy Pte. Ltd., a private company limited by shares incorporated in Singapore. As at the date of this announcement, it has one share issued and outstanding, which is owned by the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription by the Investor, and the allotment and issue by the Target Company, of the Subscription Shares on Completion;
“Subscription Shares”	20 shares in the capital of the Target Company, which shall represent 20% of the total issued shares in the capital of the Target Company immediately after Completion;

“Target Company”	SEV Holding Pte. Ltd., an exempt private company limited by shares incorporated in Singapore. As at the date of this announcement, it has 1 share issued and outstanding, which is owned by the Existing Shareholder;
“Target Group”	the Target Company together with Singapore Electric Vehicles, which is 90% owned by the Target Company, and Singcharge Digital Energy, which is 100% owned by the Target Company; and
“%”	per cent.

By order of the Board
Guan Chao Holdings Limited
Mr. Tan Shuay Tarnng Vincent
Chairman and executive Director

Hong Kong, 8 June 2022

As at the date of this announcement, the board of Directors comprises Mr. Tan Shuay Tarnng Vincent, Ms. Ng Hui Bin Audrey and Ms. Beng Lee Ser Marisa as executive Directors; Mr. Raymond Wong as non-executive Director; and Mr. Chow Wing Tung, Mr. Hui Yan Kit and Mr. Tam Yat Kin Ken as independent non-executive Directors.