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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)

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

Reference is made to the announcement of Guan Chao Holdings Limited (the “**Company**”) dated 8 June 2022 (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this supplemental announcement shall have the same meanings as those defined in the Announcement.

The Board would like to supplement the following additional information to the Announcement.

BASIS OF CONSIDERATION

The net asset value of Singapore Electric Vehicles was SGD4.77 million as at 31 December 2021 and the Consideration for the Subscription Shares, that represents 20% of the total issued shares in the Target Company, is SGD2 million. The determination of the Consideration was based on various strategic and qualitative factors as a whole.

The electric vehicles fleet business was adversely affected during 2020 and 2021 due to the novel coronavirus disease (COVID-19) pandemic and the travel restrictions, as a result, the net asset value and the loss-making positions of Singapore Electric Vehicles for the two years ended 31 December 2020 and 2021 was affected. Despite the limited opening of activities and transport in Singapore, the Target Group has experienced a fluctuating revenue pattern during 2020 to 2021. The Board expects the business will fully resume to normal in the coming years and it will improve the financial performance and financial position of the Group driven by the recovery from the impact brought by COVID-19.

Moreover, Singapore government aims to develop a greener and more sustainable land transport sector and to reduce peak land transport emissions. The Singapore Green Plan 2030 includes a strong push to electrify the vehicle population, which would help the Group to expand its business into electric vehicles.

The Group is principally engaged in selling new parallel-import motor vehicles and pre-owned motor vehicles while the Target Company is principally engaged in selling electric motor vehicles. The Board has considered the growing demand for low emission vehicles and the future prospect of the electric vehicle market in Singapore as well as the environmental and social benefits of the electric motor vehicles industry going forward and believes that the Subscription represents a good opportunity to expand the Group's business into the electric vehicle market. The Board is optimistic towards the future development and the long term returns from the acquisition of the Target Company.

ULTIMATE BENEFICIAL OWNER

To the best of the knowledge, information and belief of the Directors, the ultimate sole beneficial owner of the Target Company is Ms. Kwek Yan Ping (“**Ms. Kwek**”). Ms. Kwek is a businesswoman who is the founder of the Target Company.

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

Hong Kong, 24 June 2022

As at the date of this announcement, the board of Directors comprises Mr. Tan Shuay Tarn 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.