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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)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

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

STRATEGIC COOPERATION AGREEMENT

The board (“**Board**”) of Directors (the “**Directors**”) of the Company is pleased to announce that on 31 December 2020, the Company entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with 棗莊市中區志宇能源科技有限公司 (Zaozhuang Zhongqu Zhiyu Energy Technology Co., Ltd.*) (“**Zhiyu Energy**”), pursuant to which the Company and Zhiyu Energy agreed to form a strategic partnership to jointly develop and integrate the production and sales of new energy vehicles in mainland China, so that the Group can utilize the new energy vehicles research and sales platform of Zhiyu Energy to provide new energy vehicles and to explore the development of the business of new energy vehicles in mainland China (the “**Potential Cooperation**”). The initial term of the Strategic Cooperation Agreement is three years and subject to automatic renewal for further terms of one year per term.

APPOINTMENT OF GENERAL MANAGER OF GREATER CHINA

The Board is pleased to announce that Mr. Sun Weimin (“**Mr. Sun**”) will be appointed as the general manager of Greater China. Mr. Sun will primarily be responsible for the exploration and development of the Group’s new energy vehicle business in mainland China.

Mr. Sun has over seven years of experience in the new energy vehicles industry. The Board considers that the appointment of Mr. Sun as the general manager of Greater China could leverage the strength of Zhiyu Energy to jointly develop the new energy vehicles business in mainland China, as well as in East Asia, Southeast Asia and South Asia regions.

INFORMATION OF ZHIYU ENERGY

Zhiyu Energy is a company established and registered in The People's Republic of China on 13 April 2016. Its principal business includes new energy electric vehicles research and development, sales and after-sales maintenance services.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Zhiyu Energy and its respective beneficial owners are all third parties independent of the Company and its connected persons.

REASONS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The Group is a Singapore-based motor vehicle group 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. Apart from the sales of motor vehicle business, the Group also provides relevant services and products, including provision of motor vehicle financing services, motor vehicle insurance agency services, sales of motor vehicle spare parts and accessories and provision of motor vehicle leasing services.

With The People's Republic of China being one of the largest manufacturers and buyers of electronic vehicles in the world and taking into account of the strength of Zhiyu Energy on the new energy vehicles research and sales platform, the Directors consider that the formation of a stable and mutually beneficial strategic partnership with Zhiyu Energy would diversify the income stream of the Group in the currently difficult economic climate which is in the interest of the Company and shareholders as a whole.

GENERAL

Should there be any future development of the formation of the Potential Cooperation which trigger disclosure obligations by the Company under the Listing Rules, the Company will publish further announcement(s) as and when appropriate.

By Order of the Board
Guan Chao Holdings Limited
Tan Shuay Tarnng Vincent
Chairman and Executive Director

Hong Kong, 4 January 2021

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.

* *For the purpose of identification only*