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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)**

### **CONTINUING CONNECTED TRANSACTION**

**Financial adviser to the Company**



**DILIGENT  
CAPITAL**

**Diligent Capital Limited**

#### **THE CONTINUING CONNECTED TRANSACTION**

On 30 April 2025, the Company and CarNow entered into the Framework Agreement pursuant to which the Company intends to appoint CarNow as a non-exclusive dealer for the procurement of pre-owned motor vehicles from the Group, and CarNow may during the term of the Framework Agreement enter and/or continue to enter into the Transactions in connection with the sales of pre-owned motor vehicles from the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, CarNow is owned 50% by Mr. Tan Cheng Wei Ernest, and 50% by Mr. Tan Jun Wei Ethan, both of whom are sons of Mr. Tan Shuay Tarnng Vincent, who serves as the executive Director and co-chairman of the Company. Therefore, CarNow is an associate of Mr. Tan Shuay Tarnng Vincent under the Listing Rules. Accordingly, CarNow is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios in respect of the Annual Caps, on an annual basis, exceed 5%, the Transactions are subject to the reporting, announcement, annual review, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Transactions (including the proposed annual caps therefor). An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Framework Agreement, the Transactions and the proposed Annual Caps therefor.

A circular containing, among other things, (i) further information on the Framework Agreement, the Transactions and the proposed Annual Caps therefore; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 23 May 2025 pursuant to Rule 14A.68 of the Listing Rules.

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The principal terms of the Framework Agreement are summarised below:

### **The Framework Agreement**

**Date:** 30 April 2025

**Parties:** (i) the Company; and  
(ii) CarNow.

**Subject:** Subject to and upon the terms and conditions of the Framework Agreement, the Company agrees to appoint CarNow as its non-exclusive dealer for the procurement of the Products during the Term, and CarNow agrees to act in that capacity.

- Scope of services:** At any time during the Term, CarNow shall be responsible for ordering the Products from the Group from time to time, and the Group and CarNow shall enter into definitive agreement(s) (the “**Definitive Agreement(s)**”) in relation to any Transactions upon, and subject to, the terms and conditions in compliance with those of the Framework Agreement as may be agreed between the relevant parties.
- Term:** The Framework Agreement shall commence on the Effective Date, and shall continue up to and including 30 April 2028, unless terminated earlier in accordance with the termination clause below.
- Definitive agreement(s):** The Company and CarNow agree that, from the Effective Date, all Definitive Agreements:
- (a) shall be in writing and set out the terms and conditions on which the Transaction shall be undertaken;
  - (b) shall be in the ordinary and usual course of business of the Group;
  - (c) shall set out the detailed information and terms for the sale and purchase of the Products under the Transactions, including but not limited to the lot number, unit price, quantity, payment, and delivery terms;
  - (d) shall have the price of sale of the Products determined with reference to the dealer price determined fairly in accordance with the prevailing market prices, quality and age of the Products determined by the sales department head of the Group. The price and terms of the sale and purchase of Products shall be agreed after arm’s length negotiation between the Group and CarNow based on normal commercial terms, and in any event shall be no less favourable to the terms sold by the Group to Independent Third Parties;
  - (e) shall be fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
  - (f) shall be in compliance with all applicable laws and regulations (including, without limitation, the Listing Rules), all relevant constitutional documents, the Framework Agreement and the Definitive Agreement(s).

**Payment terms:** Payment for the Products shall be settled by CarNow within 30 days from the invoice date issued by the Group or within such other credit terms to be mutually agreed between the Company and CarNow.

**Condition precedent:** The Independent Shareholders' approval of the Company for entering into the Framework Agreement and the Annual Caps in relation thereto and/or the compliance with any other provisions related to the continuing connected transactions under the Listing Rules shall be a condition precedent to the Framework Agreement and such Transactions.

**Termination:** Either the Company or CarNow shall be entitled to terminate the Framework Agreement with immediate effect if:

- (a) in the case where the other party ceases to be a connected person of the Company, or the Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions;
- (b) the other party commits any continuing or material breach of any of the provisions of the Framework Agreement (save for any breach which is caused by the party seeking to rely on it) and, in the case of such a breach which is capable of remedy, fails to remedy the same within thirty (30) Business Days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied;
- (c) the other party makes any voluntary arrangement with its creditors or becomes subject to a winding-up order;
- (d) in the case CarNow who is a party to a Transaction commits any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings (where applicable);
- (e) the Company goes into liquidation (except for the purposes of an amalgamation, reconstruction or other reorganisation and in such manner that the Company resulting from the reorganisation effectively agrees to be bound by or to assume the obligations imposed on the Company under the Framework Agreement with the prior written consent of CarNow seeking to rely on it); and/or

- (f) the other Party ceases, or threatens to cease, to carry on business (where applicable).

The Framework Agreement may be terminated by either party thereunder, giving to the other party not less than two (2) months' written notice for any reason other than those referred to in the condition above.

### **The proposed Annual Caps**

The proposed Annual Caps for the Transactions during each specified period of the Term are as follows:

	<b>Aggregate sales amount from the Group to CarNow in respect of the Transactions</b> <i>S\$'000</i>
From 1 May 2025 to 31 December 2025	22,100
From 1 January 2026 to 31 December 2026	33,900
From 1 January 2027 to 31 December 2027	34,300
From 1 January 2028 to 30 April 2028	12,000

The Annual Caps have been established in reference to the historical sales figures of the Product as sold by the Group to independent third-party dealers.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

The transactions contemplated under the Framework Agreement is conducted under normal commercial terms and within the ordinary course of business for the Group. The Directors are confident that entering into the Framework Agreement will facilitate the distribution of Products through CarNow, thereby broadening the Group's customer base and enhancing its sales network in Singapore. This initiative is intended to leverage potential improvements in domestic consumer spending, ultimately contributing to enhanced financial performance.

The pricing for the sale of Products to CarNow will be established based on the dealer price, determined fairly in accordance with current market conditions. The terms of sale and purchase will be finalised following arm's length negotiations between the Group and CarNow, adhering to standard commercial practices. Importantly, these terms will be at least as favorable as those extended to Independent Third Parties.

In light of this, the Directors regard the terms of the Framework Agreement as fair and reasonable, consistent with the Group's core activities. It is anticipated that the entering into of the Framework Agreement will foster ongoing business growth and contribute positively to the Group's revenue and profitability. Accordingly, the Directors (except Mr. Tan Shuay Tarn, Vincent who is considered to be materially interested in the transaction under the Framework Agreement) considered that (i) the entering into of the Framework Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and were negotiated at arm's length, are no less favourable to the Group than those available from independent third parties; and (ii) the Transaction is in the interests of the Company and its shareholders as a whole, and that the relevant Annual Caps are fair and reasonable.

## **INFORMATION OF THE GROUP**

The Group is primarily focused on the sale of motor vehicles and the provision of related services and products, including (i) motor vehicle financing services, (ii) motor vehicle insurance agency services, and (iii) sales of motor vehicle spare parts and accessories.

## **INFORMATION OF CARNOW**

CarNow is a company incorporated in Singapore with limited liability and is principally engaged in the procurement and sale of pre-owned motor vehicles. As of the date of this announcement, CarNow is owned 50% by Mr. Tan Cheng Wei Ernest, and 50% by Mr. Tan Jun Wei Ethan, both of whom are sons of Mr. Tan Shuay Tarn Vincent, who serves as the executive Director and co-chairman of the Company. Therefore, CarNow is an associate of Mr. Tan Shuay Tarn Vincent under the Listing Rules. Accordingly, CarNow is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

## **IMPLICATIONS UNDER THE LISTING RULES**

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An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Transactions (including the proposed annual caps therefor). An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene the EGM for the purpose of, among others, considering and if thought fit, approving the Framework Agreement, the Transactions and the proposed Annual Caps therefor.

A circular containing, among other things, (i) further information on the Framework Agreement, the Transactions and the proposed Annual Caps therefore; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 23 May 2025 pursuant to Rule 14A.68 of the Listing Rules.

## **DEFINITIONS**

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Annual Caps”	the maximum sales amount in respect of the Transactions from the Group to CarNow during each specified period of the Term
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Days”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for normal banking business
“CarNow”	CarNow Pte. Ltd., a company incorporated in Singapore with limited liability
“Company”	Guan Chao Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 1872)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Definitive Agreement(s)”	the definitive agreement(s) to be entered into between the Group and CarNow at any time during the Term in relation to any Transactions upon, and subject to, the terms and conditions in compliance with those of the Framework Agreement as may be agreed between the relevant parties

“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the entering into of the Framework Agreement, the Transactions contemplated hereunder and the Annual Caps, are approved by the independent shareholders of the Company at the EGM
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of approving the entering into of the Framework Agreement, the Transactions contemplated thereunder and the Annual Caps
“Framework Agreement”	the framework agreement dated 30 April 2025 entered into between the Company and CarNow governing the terms and conditions for the procurement and sales of the Products by the Group to CarNow during the Term
“Group”	the Company and its subsidiaries from time to time
“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
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreement, the Transactions and the proposed Annual Caps therefor
“Independent Shareholders”	Shareholders other than Mr. Tan Shuay Tarn Vincent and its associate
“Independent Third Party(ies)”	a person who, as far as the directors of the Company are aware after having made all reasonable enquiries, is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Products”	the pre-owned motor vehicles as may be sold by the Group from time to time

“S\$”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	from the Effective Date and shall continue up to and including 30 April 2028, unless terminated earlier in accordance with the termination clause under the Framework Agreement
“Transactions”	the transactions in connection with the sales of the Products from the Group during the Term under the Framework Agreement
“%”	per cent.

By Order of the Board  
**Guan Chao Holdings Limited**  
**Tan Shuay Tarnng Vincent**  
*Co-chairman and executive Director*

Hong Kong, 30 April 2025

*As at the date of this announcement, the Board comprises Mr. Tan Shuay Tarnng Vincent, Mr. Zhang Xiaoyang, Ms. Ng Hui Bin Audrey, Ms. Beng Lee Ser Marisa and Mr. Jin Zhehui as executive Directors; and Mr. Chow Wing Tung, Mr. Tam Yat Kin Ken and Mr. Zhong Lili\* as independent non-executive Directors.*

\* *For identification purposes only*