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Guan Chao Holdings Limited

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1872)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

This announcement is issued by Guan Chao Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) voluntarily to provide the shareholders (the “**Shareholders**”) and potential investors of the Company with an update on the latest business development of the Group.

THE MOU

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 22 May 2025, BetaTech Investments Limited (“**BetaTech**”), a wholly owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Infinity Energy Solutions Limited (“**Infinity Energy**”). This MOU outlines BetaTech’s intention to acquire, either directly or through a designated associate, a 30% equity interest (the “**Target Equity**”) in AIMI Investments Limited (the “**Target Company**”) from Infinity Energy (the “**Possible Transaction**”).

According to the terms outlined in the MOU, the preliminary assessment of the Target Equity is estimated to be no more than HK\$200 million. The market value of the Target Company, together with the consideration, transaction timeline, and other relevant terms regarding the Possible Transaction, will be established through further discussions and negotiations between BetaTech and Infinity Energy. These factors will also consider the results of BetaTech’s due diligence and will be formalised in a definitive agreement.

In recognition of the time and resources that BetaTech has dedicated to the negotiation and due diligence regarding the Possible Transaction, Infinity Energy acknowledges and agrees that during the three-month period (the “**Exclusivity Period**”) following the execution of the MOU, and without prior written consent from BetaTech, Infinity Energy will not (and will ensure that its affiliates, as well as their senior management, employees, agents, consultants, and any other third parties, refrain from) directly or indirectly: (a) continuing or engaging in negotiations with third parties, or entering into any agreements, arrangements, or understandings (regardless of their legal enforceability) regarding restricted matters; or (b) withdrawing from negotiations with BetaTech, related to the Possible Transaction, or refusing or delaying the Possible Transaction without justifiable cause.

Save for those provisions relating to the Exclusivity Period, confidentiality, due diligence, the governing law and dispute resolutions, the provisions of the MOU do not have any legal effect.

INFORMATION OF THE GROUP AND BETATECH

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.

BetaTech is an investment holding company incorporated in the British Virgin Islands with limited liability. As of the date of this announcement, BetaTech is a wholly-owned subsidiary of the Company.

INFORMATION OF INFINITY ENERGY

Infinity Energy is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. LAU TIN WAI. To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, Ms. LAU TIN WAI and Infinity Energy are third-party independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is 51% owned by Infinity Energy as of the date of this announcement.

As of the date of this announcement, the Target Company, through its wholly owned subsidiary Aurora Hydrogen Energy Limited, owns the entire equity interest in Jiangsu Kaichen Energy Co., Ltd.* (江蘇凱辰能源有限公司), which in turn owns the entire equity interest in Nantong Hefan Energy Technology Co., Ltd.* (南通禾帆能源科技有限公司) (collectively, the “**Target Group**”).

To the best of the Director's knowledge, information, and belief, and having made all reasonable enquiries, the Target Group is primarily engaged in supplying Anion Exchange Membrane (AEM) water electrolysis equipment for hydrogen production. As of the date of this announcement, the Target Group focuses on the research and development of AEM water electrolysis technology, as well as the production, sales, and testing services related to hydrogen production equipment. The key products offered by the Target Group include various AEM water electrolysis hydrogen production systems, AEM electrolyzer systems, and AEM water electrolysis single-cell testing devices.

REASONS AND BENEFITS OF ENTERING INTO THE MOU

The Directors would like to reaffirm their commitment to continuously monitoring the market and pursuing business and investment opportunities to diversify revenue streams and mitigate existing business risks. Since the second half of 2024, the Directors have engaged in discussions with the Target Group to explore the establishment of a joint venture focused on developing the AEM business. However, challenges arose during the negotiations regarding the business structure and other investment terms, which ultimately prevented the joint venture from progressing at that time. Despite this, the Company remains interested in exploring investment opportunities with the Target Group. As a result, the Directors are actively continuing discussions about the Possible Transaction.

Before entering the industry, the Directors conducted a thorough feasibility study to assess the landscape of the sector. The study showed that China has implemented industrial policies aimed at promoting the development of hydrogen fuel cells. The Directors are confident that expanding into this sector, specifically through the development and sale of hydrogen production equipment, aligns with the expected growth trajectory of the industry. This expansion presents significant opportunities for advancement and is likely to enhance the investment return of the Group.

In light of these insights, the Directors recognize that entering into the MOU represents a strategic opportunity for the Group to broaden its business presence within this evolving industry. Furthermore, the successful implementation of the corresponding investment plan will be contingent upon conducting thorough due diligence and engaging in meticulous negotiations regarding the terms and conditions with the counterparty.

Accordingly, the Directors consider the execution of the MOU to be fair, reasonable, and in the interest of the Company and its shareholders as a whole.

GENERAL

The MOU merely provides a strategic cooperation framework between the parties to the MOU. The terms of cooperation contemplated under the MOU are subject to the terms of any definitive agreements that the parties to the MOU may subsequently enter into from time to time. If any transaction contemplated under the MOU constitutes a notifiable transaction for the Company under the Listing Rules, further announcement(s) will be made by the Company as and when appropriate.

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

Hong Kong, 22 May 2025

As at the date of this announcement, the Board comprises Mr. Tan Shuay Tarng 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*