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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)

THE SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT IN RELATION TO THE VOLUNTARY ANNOUNCEMENT REGARDING BUSINESS UPDATES

Reference is made to the announcement issued by Guan Chao Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 May 2025 (the “**Announcement**”) regarding an update on the latest business of the Group. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE SUPPLEMENTAL INFORMATION

The Directors would like to provide additional information relating to the principal terms of the Agreements.

Below is a summary of the principal terms of the Trademark License Agreement, the Lizi Exclusive Authorisation Agreement, and the Jingtai Exclusive Authorisation Agreement.

The Trademark License Agreement

Parties:

- (i) BetaMind, as licensee; and
- (ii) Shenzhen Lizi Ruiya, as licensor.

Subject: Shenzhen Lizi Ruiya has agreed to grant BetaMind and/or its designated associates, and BetaMind has agreed to accept from Shenzhen Lizi Ruiya, an exclusive right to use the Target Trademark during the license period as specified below.

License period: The license for the Target Trademark is valid for twelve (12) months from the effective date of the Trademark License Agreement, provided that BetaMind pays the initial installment of the license fee.

License region: The Target Trademark is licensed for global use.

License fee: The total license fee is RMB4.8 million for the entire license period, which shall be payable by BetaMind to Shenzhen Lizi Ruiya in monthly installments throughout the license period, with each installment amounting to RMB400,000.

The initial installment of the license fee is due on or before 31 May 2025. As of the date of this announcement, the Company has not yet made this payment, resulting in the current invalidation of the Target Trademark license. However, the Company and the licensor have mutually agreed to defer this initial payment to the third quarter of 2025. Accordingly, the licensor will not hold the Company liable for any delays in making this payment process.

The Lizi Exclusive Authorisation Agreement

Parties:

- (i) BetaMind, as licensee;
- (ii) Shenzhen Lizi Ruiya; and
- (iii) Shenzhen Jingtai, as licensor.

Subject: Shenzhen Jingtai and its affiliates, including Shenzhen Zhongge, have agreed to grant BetaMind an exclusive license and sublicense rights for the global use of the XTP-016 License Rights.

BetaMind has accepted this agreement and is authorised to conduct research, development, improvement, manufacturing, usage, commercialisation, sale, offering for sale, export, and import of the target compound XTP-016 and/or related products within the designated territory during the license's validity period.

Shenzhen Lizi Ruiya serves as the original licensee that accepts the XTP-016 License Rights from Shenzhen Jingtai. In accordance with the provisions set forth in the Lizi Exclusive Authorisation Agreement, Shenzhen Lizi Ruiya has committed to ceasing all activities related to the research, development, improvement, manufacture, use, commercialisation, sale, offer for sale, export, or import of the target compound XTP-016 and/or any related products, effective from the date of the Lizi Exclusive Authorisation Agreement. This cessation will remain in effect throughout the license period outlined in the Lizi Exclusive Authorisation Agreement.

Other rights:

Shenzhen Jingtai has granted BetaMind, or its designated associates, an option to acquire the XTP-016 License Rights from Shenzhen Jingtai and/or its affiliates (the “**XTP-016 Option**”). The XTP-016 Option can be exercised at any time after all license fees specified in the Lizi Exclusive Authorisation Agreement have been fully settled.

If BetaMind decides to exercise its right to acquire the XTP-016 License Rights, the parties will mutually agree on the consideration for the transfer of the XTP-016 License Rights. Both BetaMind and Shenzhen Jingtai commit to negotiating in good faith to determine the appropriate consideration.

License period:

The license for the XTP-016 License Rights is valid for twelve months from the effective date of the Lizi Exclusive Authorisation Agreement.

License region:

The XTP-016 License Rights are licensed for global use.

License fee: The total license fee is RMB14.4 million for the entire license period, which shall be payable by BetaMind to Shenzhen Jingtai in monthly installments throughout the license period, with each installment amounting to RMB1.2 million.

The initial installment of the license fee is due on or before 31 May 2025. As of the date of this announcement, the Company has not yet made this payment. However, the Company and the licensor have mutually agreed to defer this initial payment to the third quarter of 2025. Accordingly, the licensor will not hold the Company liable for any delays in making this payment process.

The Jingtai Exclusive Authorisation Agreement

Parties:

- (i) BetaMind, as licensee; and
- (ii) Shenzhen Jingtai, as licensor.

Subject: Shenzhen Jingtai and its affiliates, including Shenzhen Zhongge, have agreed to grant BetaMind an exclusive license and sublicense rights for the global use of the XTP-118 License Rights.

BetaMind has accepted this agreement and is authorised to conduct research, development, improvement, manufacturing, usage, commercialisation, sale, offering for sale, export, and import of the target compound XTP-118 and/or related products within the designated territory during the license's validity period.

Other rights: Shenzhen Jingtai has granted BetaMind, or its designated associates, an option to acquire the XTP-118 License Rights from Shenzhen Jingtai and/or its affiliates (the “**XTP-118 Option**”). The XTP-118 Option can be exercised at any time after all license fees specified in the Jingtai Exclusive Authorisation Agreement have been fully settled.

If BetaMind decides to exercise its right to acquire the XTP-118 License Rights, the parties will mutually agree on the consideration for the transfer of the XTP-118 License Rights. Both BetaMind and Shenzhen Jingtai commit to negotiating in good faith to determine the appropriate consideration.

License period:	The license for the XTP-118 License Rights is valid for twelve months from the effective date of the Jingtai Exclusive Authorisation Agreement.
License region:	The XTP-118 License Rights are licensed for global use.
License fee:	The total license fee is USD4.8 million for the entire license period, which shall be payable by BetaMind to Shenzhen Jingtai in monthly installments over the first six months of the license period, with each installment amounting to USD0.8 million. The initial installment of the license fee is due on or before 31 May 2025. As of the date of this announcement, the Company has not yet made this payment. However, the Company and the licensor have mutually agreed to defer this initial payment to the third quarter of 2025. Accordingly, the licensor will not hold the Company liable for any delays in making this payment process.

In accordance with the terms of the Lizi Exclusive Authorisation Agreement and the Jingtai Exclusive Authorisation Agreement, BetaMind has the discretion to exercise the XTP-016 Option and the XTP-118 Option. There is no premium price or exercise price associated with either option. If BetaMind decides to exercise either the XTP-016 Option or the XTP-118 Option, the Company will ensure compliance with all necessary notification, announcement, circular, and shareholder approval procedures under Chapter 14 of the Listing Rules.

The basis of determining the total license fee associated with the Agreements

The Directors are pleased to announce that the total license fees related to the Agreements amount to approximately RMB53.66 million (the “**Total License Fees**”). The Total License Fees were determined following arm’s length negotiations between BetaMind and Shenzhen Jingtai after considering the comparable terms that Shenzhen Jingtai offered to Shenzhen Lizi Ruiya and other third parties for the use of the XTP-016 License Rights and the XTP-118 License Rights, all within the same framework outlined in the Agreements.

To evaluate the fairness and reasonableness of the Total License Fees, the Directors have considered the following:

- (i) on the date the Agreements were executed, Shenzhen Lizi Ruiya made a legally binding and irrevocable commitment to BetaMind. It was agreed that if the actual sales of the products developed under the XTP-016 License Rights and the XTP-118 License Rights (the “**Products**”) fall below RMB50 million during the term of the Agreements, Shenzhen Lizi Ruiya will provide BetaMind with performance compensation. This compensation will be calculated by subtracting the actual audited sales amount achieved from the Products during the term of the Agreement from RMB50 million (the “**Performance Compensation**”).

Given that the Performance Compensation covers more than 90% of the Total License Fees, the Directors believe that the financial risk associated with the Total License Fees can be effectively managed;

- (ii) with the support from the Performance Compensation, the Group can effectively manage the costs associated with manufacturing and marketing the Products. This strategy allows for better monitoring of business performance and enables adjustments based on actual sales figures. As a result, it significantly reduces business risks, particularly during the startup phases; and
- (iii) Shenzhen Jingtai is committed to supporting the Group throughout the Agreements. This support includes: (a) exploring innovative hair growth mechanisms and conducting clinical tests for next-generation products; (b) enhancing existing product formulations; (c) collaborating on professional promotional initiatives, including academic and coordinated marketing efforts; and (d) sharing Shenzhen Jingtai’s resources related to hair growth and daily chemicals to foster collaboration. The Directors consider that this commitment is vital for the efficient execution of the business.

After considering the above, the Directors considered that the determination of the Total License Fees is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

THE CLARIFICATION

The Directors would like to clarify the statement made by the Company on page 3 of the Announcement regarding “The transactions contemplated under the Agreements are of a revenue nature and are conducted in the ordinary course of the Group’s business. Therefore, these transactions do not qualify as a notifiable transaction under Chapter 14 of the Listing Rules” (the “**Statement**”). The Statement should be amended and replaced entirely with the texts below:

“As applicable ratio (as set out in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Agreements is less than 5%, therefore, there are no notification and announcement requirements under Chapter 14 of the Listing Rules.”

REASONS FOR THE CLARIFICATION AND REMEDIAL ACTIONS TAKEN BY THE COMPANY

The Directors misinterpreted the term “ordinary and usual course of business” defined in Rule 14.04(8) of the Listing Rules. As a result, the Directors failed to classify the transactions outlined in the Agreements as notifiable transactions, leading to an error in the Statement.

The Directors wish to clarify that this oversight was unintentional and inadvertent. To ensure that similar incidents do not occur in the future, the Company has implemented the following remedial actions:

- (i) with the assistance of the Company’s financial adviser, the Company has further clarified the definition of “ordinary and usual course of business.” The Company has taken the opportunity to remind all responsible staff, senior management, and Directors of the importance of recognising the circumstances that may trigger the announcement requirements under the Listing Rules. This initiative is designed to enhance our collective awareness and allow the Group to identify potential issues at an early stage, thereby preventing the recurrence of such matters in the future;
- (ii) the Company has issued comprehensive guidelines concerning notifiable transactions in accordance with the Listing Rules. To ensure that responsible staff, senior management, and Directors remain well-informed, regular training sessions will be conducted. These initiatives are designed to enhance their understanding of notifiable transactions and to improve their capacity to identify potential issues at an early stage; and
- (iii) the Company is committed to enhancing collaboration with its internal legal and compliance department to address compliance matters effectively. Furthermore, when deemed appropriate, the Company will seek guidance from other professional advisers prior to engaging in any potential notifiable transactions. Additionally, if necessary, the Company will consult the Stock Exchange to ensure the proper treatment of the proposed transaction is maintained.

The Board remains committed to upholding compliance with the Listing Rules and will implement appropriate precautionary measures to mitigate the risk of similar issues arising in the future.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcements.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 4 August 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. Wu Qing as independent non-executive Directors.