

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
IN RELATION TO THE VOLUNTARY ANNOUNCEMENT

Reference is made to the announcement issued by Guan Chao Holdings Limited (the “**Company**”) on 23 June 2026 (the “**Announcement**”) in relation to the entering into of a non-legally binding memorandum of understanding with Hangzhou Huashen Network Technology Co., Ltd.* (杭州華深網路科技有限公司) (the “**Business Partner**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide the following additional information regarding the MOU

1. The functions, key features, and specifications of the AI Comb

The AI Comb is an innovative consumer scalp-care device that merges intelligent hardware with advanced AI models, making professional scalp treatment as simple as daily combing. This device integrates automated essential oil delivery, red-light therapy, AI-driven diagnostics, adaptive treatment plans, and longitudinal data management into a single, easy-to-use system.

The core functions of the AI Comb include:

- i) **Automated essential oil dispensing.** The device dispenses essential oils in a metered manner, synchronized with the combing action, eliminating the need for manual application;
- ii) **Built-in red-light phototherapy.** This feature supports scalp health through controlled red-light therapy;
- iii) **AI scalp analysis.** The device uses on-device sensors and AI models to automate the detection and assessment of scalp conditions;
- iv) **Customised treatment courses.** It offers preset and adaptive treatment plans tailored to each diagnosis;

- v) **Continuous data tracking.** The device tracks usage and treatment responses over time; and
- vi) **AI predictive analytics.** These analytics help forecast condition trends and recommend proactive care adjustments.

The key features revolve around a comprehensive scientific closed-loop system that includes detection, diagnosis, plan matching, precise execution, and continuous tracking. The deep integration of AI and hardware allows AI models to precisely control therapy delivery, transforming routine combing into a therapeutic treatment without the need for manual oil application, scalp massage, or complex user training. The AI Comb provides a seamless scalp health management experience with a low barrier to entry and continuous intelligence improvements through an expanding database of scalp pathologies and AI self-learning capabilities.

Technical specifications include an integrated sensor suite with on-device and cloud-based AI inference for detection and diagnosis; automated essential oil dispensing synchronized with combing motion; red-light therapy with controlled wavelength and intensity; longitudinal data capture with secure storage and a pathway for iterative updates of AI models and databases. Users can expect significant benefits, including fewer manual steps, a shorter learning curve, improved treatment adherence, and personalized, adaptive care.

2. The Company's detailed business plan associated with the production of AI Comb

The Company wishes to confirm that the AI Comb business remains in a preliminary startup phase. Final detailed plans, budgets, and timelines will be refined after completion of targeted feasibility studies, formal risk assessment, and a full financial model.

The following narrative reflects the current scope of collaboration under the MOU and describes the Company's intended strategic positioning, business model, infrastructure, capabilities, near-term capital priorities and financing approach.

a) The purpose of the AI Comb business

The purpose of the AI Comb business is to build a digital, home-based scalp-health management ecosystem rather than to sell a standalone hardware product. The Company intends to develop four core capabilities, including (a) intelligent hardware, (b) efficacy consumables, (c) an AI diagnostic engine, and (d) digital operations, so the business can transition from one-time device sales toward long-term user lifecycle management and recurring scalp-health services. Strategically, the AI Comb is positioned as the high-frequency user entry device that enables prevention, maintenance and personalized care use cases and bridges consumer channels with clinical partners for credibility and referrals.

b) The revenue model of the AI Comb business

The Company's commercial model is designed to generate both near-term and recurring revenues. Initial revenue will derive from hardware sales through direct-to-consumer channels, e-commerce and retail partners. Recurring revenue will be driven by consumables, tiered subscription services, in-app microtransactions and value-added business-to-business (B2B) services. The Company's objective is to materially shift the revenue mix over time from upfront hardware sales to a larger share of subscription and consumable revenues, increasing customer lifetime value and predictability.

c) *The Group's management expertise associated with the AI Comb business*

The Company's management and functional leads bring complementary experience relevant to execution. Key personnel include a general manager accountable for strategy and commercial design, a product and strategy lead with end-to-end AI product delivery experience, an AI technical lead experienced in model development and interaction design, and a marketing lead with strong consumer health and channel operations expertise. Where capability gaps exist, the Company will engage partner suppliers for manufacturing and consumable formulation, clinical advisors for validation, and external specialists for regulatory filings and cloud implementation.

d) *The capital requirements and the associated source of funding*

The capital requirements for the AI Comb business will be allocated to a series of essential activities. These activities are included but are not limited to, (i) finalizing hardware tooling and commencing initial mass production; (ii) developing consumable formulations and ensuring readiness of the supply chain; (iii) expanding and validating AI diagnostic models along with backend infrastructure; (iv) conducting app development and integrations; (v) addressing regulatory compliance and intellectual property matters; (vi) implementing go-to-market strategies; (vii) securing working capital for inventory and logistics; and (viii) recruiting key personnel and engaging consultants for specialized support

Detailed financial figures for each line item will be provided upon completion of the due diligence and financial modeling phases.

The Company clarifies that the Directors considered development of the AI Comb business to fall within the hair product business planned under the "Groland" trademark pursuant to the trademark licence agreement entered into by the Group on 13 May 2025. Accordingly, the Company may reallocate proceeds from the placing of new shares completed on 18 July 2025, which were originally designated as the primary initial funding source for the hair product business in the Company's announcement dated 11 July 2025, to fund the AI Comb and related hair-product activities. If the Company decides to proceed with the reallocation of proceeds described above, the Company will publish a supplemental announcement detailing the change in use of proceeds.

The budget for these activities will largely depend on working capital generated by the Group's ongoing operations. If additional working capital is required, the Company may pursue secondary equity and/or debt financing. As of the date of the MOU, the Company did not have sufficient information to determine an accurate budget; the Company intends to perform a detailed financial analysis once it obtains more information through actual business operations following commencement.

3. *Potential cooperation arrangements with the Business Partner*

As of the date of this announcement, the Company is negotiating a definitive agreement with the Business Partner. The Company intends that the subsequent cooperation will be structured as a commercial collaboration on a profit-sharing (revenue-sharing) basis or, alternatively, a service payment arrangement, in each case without any transfer of equity or acquisition of assets by the Company.

The parties have agreed in principle to structure their overall collaboration into four progressive stages: (i) Sales Proofing; (ii) GMV Stabilization; (iii) Production-Sales Joint-Building; and (iv) GMV Maximization. Each stage will have distinct purposes, GMV targets, and payment structures. Advancement to the next stage will be contingent upon the Business Partner meeting the assessment metrics for the preceding stage and on Shenzhen Groland not exercising its right to unilaterally terminate the agreement. Payments under this arrangement will be structured on a fixed-fee-plus-commission basis.

Details of the stage requirements and the payment schedule for each stage will be announced by the Company upon finalisation of the definitive commercial and legal terms.

On the basis that the final definitive agreement is limited to a profit-sharing commercial contract with no acquisition of assets or equity interest by the Company, it is the Company's preliminary view that the arrangement would not constitute a "transaction" under Chapter 14 of the Listing Rules that triggers announcement/approval obligations as an acquisition or disposal of assets or securities. This position is subject to the final commercial and legal terms and independent legal review.

If the final arrangement includes any element that falls within Chapter 14 of the Listing Rules, the Company will treat the arrangement as potentially notifiable and will calculate the applicable size tests and comply with the relevant announcement, circular and shareholders' approval requirements.

4. Basis for determining the GMV targets

It is submitted that the GMV targets are calculated by multiplying the channel-level sales volume forecasts by an assumed average selling price (ASP), adding projected ancillary consumable sales, and applying conservative adjustments for returns, platform fees, and other deductions. The channel forecasts are based on historical performance benchmarks, planned marketing investments, and campaign schedules (including live-stream capacity). The ASP reflects targeted retail pricing and typical promotional mixes.

For 2026, the plan projects a total volume of 16,200 units, with 11,340 units allocated to Douyin and 4,860 units to Tmall. Using an assumed ASP of RMB1,299 per unit, the device GMV is approximately RMB14.7 million for Douyin and RMB6.3 million for Tmall. When the Company adds projected ancillary sales from hair-care consumables and app purchases (approximately RMB1.4 million), it arrives at a pre-adjustment total of about RMB22.4 million. The stated target of RMB20 million reflects this channel $\times$ ASP calculation after conservative rounding and allowances for returns, platform fees, and other practical deductions.

For 2027, the plan projects a total volume of 71,100 units, with 49,770 units allocated to Douyin and 21,330 units to Tmall. At the same ASP of RMB1,299, the device GMV is approximately RMB64.7 million for Douyin and RMB27.7 million for Tmall. Adding the projected ancillary sales from consumables and app purchases (around RMB8.2 million) brings the pre-adjustment total to roughly RMB100.6 million. Thus, the target of RMB100 million reflects this calculation, with conservative rounding and allowances for returns, platform commissions, and other deductions that may affect reported GMV.

Please be reminded that the figures above are illustrative only and may change subject to the final agreements entered into by the parties to the MOU.

The above supplemental information does not affect other information contained in the Announcement, and save as disclosed above, all other information therein remains unchanged.

Please be reminded that as at the date of this announcement, the terms and conditions of the formal agreement related to the possible collaboration under the MOU (the “Possible Collaboration”) have not yet finalised or agreed between the Business Partner and Shenzhen Groland. Therefore, the Possible Collaboration may or may not proceed.

The Board will make further announcements to inform Shareholders and potential investors of the Company about the Possible Collaboration, if and when appropriate.

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, 20 July 2026

As at the date of this announcement, the Board comprises Mr. Tan Shuay Tarng Vincent, Mr. Zhang Xiaoyang, Ms. Beng Lee Ser Marisa and Mr. Jin Zhehui as executive Directors; Ms. Dong Wenying as non-executive Director; and Mr. Chow Wing Tung, Mr. Tam Yat Kin Ken and Mr. Wu Qing as independent non-executive Directors.

* *for identification only*