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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
IN RELATION TO
THE ENTERING INTO OF THE SERVICE AGREEMENT**

Reference is made to the announcement issued by Guan Chao Holdings Limited (the “**Company**”) on 23 June 2026 and 20 July 2026 (the “**Announcements**”) 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 Announcements.

THE SERVICE AGREEMENT

The Company is pleased to provide an update regarding a significant development. On 24 July 2026, Shenzhen Groland entered into a legally binding operations service agreement with the Business Partner (the “**Service Agreement**”). Below are the key terms of the Service Agreement:

Definitions

: Gross Merchandise Value (“**GMV**”) refers to the total amount of orders that consumers have actually submitted and paid for in the designated online stores operated by the Business Partner, including but not limited to platforms such as Tmall and Douyin.

Gross Sales Value (“**GSV**”) refers to the net settlement amount generated from consumer purchases made through the designated online stores operated by the Business Partner. The formula is as follows: $GSV = \text{Paid order amount} - \text{Refunds} - \text{Canceled order amounts}$.

Return on Investment (“**ROI**”) refers to the ratio of the total order amount generated by specified online stores and traffic tools to the actual ad spend for traffic and purchases.

- Scope of collaboration** : The parties agree to divide their overall cooperation into four progressive stages. The collaboration can advance to the next stage only if the Business Partner meets the assessment metrics of the previous stage and Shenzhen Groland does not unilaterally terminate the Service Agreement.
- Specified scope of services provided by the Business Partner** :
- (1) Daily store agency operation and basic management**
 - a) The Business Partner is responsible for overseeing the daily operations of Shenzhen Groland's designated online channel stores, such as Tmall and Douyin. This includes, but is not limited to, assisting with store onboarding and upgrades, managing basic daily settings, creating product listings, adjusting categories, enhancing page aesthetics, and monitoring inventory daily.
 - b) The Business Partner shall be responsible for the overall visual style design, homepage design, detailed optimization of product pages, campaign landing page design, and periodic updates, all in accordance with platform rules and product characteristics. This includes ensuring a unified brand image that complies with Shenzhen Groland's brand standards.
 - (2) Marketing promotion and traffic acquisition**
 - a) The Business Partner shall draft annual, quarterly, and monthly marketing promotion plans, campaign proposals, and ad-budget plans for each online store; related plans must be submitted in writing to Shenzhen Groland for approval before execution.
 - b) The Business Partner shall operate and optimize official ad tools, monitor conversion rates and ROI in real time to ensure promotion fee ratios and ROI remain within the contractual stage process floors.
 - (3) Live-stream operations**
 - a) The Business Partner is responsible for the daily operations of brand-owned live streaming (store live) on Douyin and other channels. This includes, but is not limited to, setting up the livestream room, scheduling, selecting and managing anchors and assistants, writing livestream scripts, conducting livestream reviews, and overseeing dedicated livestream traffic spending.

- b) The Business Partner must ensure that livestream personnel statements comply with regulations and strictly prohibit false claims, exaggerated efficacy, or the use of platform-prohibited terms.

(4) Customer service

The Business Partner must provide a professional, adequately staffed pre-sales and after-sales customer service team, offering online consultation and ensuring that the reply rate, response time, and customer satisfaction meet the platform's high standards.

Stage One:

(From 1 July 2026 to
30 September 2026)

- : (1) The purpose of this phase is to verify the Business Partner's public sales and transaction model, generate truly sold orders, authentic positive reviews, and accumulate operational assets.
- (2) Provided that Shenzhen Groland has completed the necessary import filings and other public-domain sales qualifications, the three-month GMV baseline for this stage is set at RMB8,160,000.

If the Business Partner's sales reach at least 70% of this baseline, which amounts to no less than RMB5,710,000, the Business Partner will pass the assessment. However, if the sales fall below this threshold, the Business Partner will be considered to have failed the assessment. In such a case, Shenzhen Groland reserves the right to refuse advancement to the next stage and may unilaterally terminate the contract.

- (3) Process monitoring floors:
 - 1. Douyin actual ROI floors:
 - July 2026: 1.0
 - August 2026: 1.25
 - September 2026: 1.5
 - 2. Tmall promotion fee ratio (Tmall Promotion Fee Ratio = Tmall Promotion Expenses/Tmall GMV):
 - The promotion fee ratio for Tmall must not exceed 30%

These process metrics will be used for monthly reviews and necessary remedial actions. If any single process metric falls below the established floor for two consecutive months, Shenzhen Groland reserves the right to unilaterally terminate the Service Agreement without compensation.

- (4) Service fees and payment schedule: the base service fee for this stage is a fixed fee of RMB600,000.
- (5) If additional operational staff is needed due to business demands, any changes to staffing and service scope must be confirmed through a separate written agreement between both parties.

Stage Two:

(From 1 October 2026 to 31 December 2026)

- : (1) The purpose of this phase is to stabilize GMV scale and overall ROI.
- (2) Provided that sales qualifications are complete, the three-month GMV baseline for this stage is RMB14,300,000. The Business Partner's threshold is 70% of the baseline, which is at least RMB10,010,000.
- (3) Process monitoring metrics: during this stage, Douyin actual ROI must not be below 1.8; Tmall promotion fee ratio must not exceed 30%.
- (4) Fee Structure and Commission Settlement:

Base Service Fee: A fixed fee of RMB645,000 (tax included).

GSV sales Commission: Shenzhen Groland pays the Business Partner 1% of the actual monthly GSV as sales commission.

Stage Three:

(From 1 January 2027 to 30 June 2027)

- : (1) The purpose of this phase is to transform agency operations into a production-sales partnership, establish a stable sales model and collaboratively build profits.
- (2) Provided that the sales qualifications are complete, the six-month GSV baseline for this stage is RMB26,497,500.
- (3) Process monitoring metrics: during this stage, Douyin actual ROI must not be below 2.5, with a floor of 2.0 during operations (i.e., no more than a 20% downward deviation); Tmall promotion fee ratio must not exceed 30%;
- (4) Before the conclusion of Stage Two, both parties must reconfirm the total base operating fee for Stage Three. This fee will be based on actual staffing, job workload, channel scope, and the operational results from the first two stages.

Shenzhen Groland will prepay 80% of the mutually agreed-upon base operating fee. If the parties are unable to reach a written agreement on the fee before the end of this stage, this collaboration will automatically terminate at the conclusion of this stage, with neither party bearing any liability.

Stage Four

(From 1 July 2027 to
31 December 2027)

- (1) The purpose of this phase is, on the basis of jointly building production and sales, to fully expand omni-channel sales scale, push to and ensure achievement of the full-year 2027 performance target, continue to solidify a stable sales model, and realize low returns, high repeat purchases and jointly built profits for both parties.
- (2) Provided that the sales qualifications are complete, the core assessment target for this phase is cumulative GMV for the full year 2027 of RMB100,600,000 (RMB100.6 million).
- (3) Process monitoring metrics: during this stage, Douyin actual ROI must not be below 2.5, with a floor of 2.0 during operations (i.e., no more than a 20% downward deviation); Tmall promotion fee ratio must not exceed 30%;
- (4) Before the expiry of this stage, the parties shall, based on actual staffing, actual workload by position, channel scope and operating results observed during stage one to Stage Three, re-verify and confirm the full basic operating costs for this stage.

Shenzhen Groland shall make advance staged payments equal to 80% of the basic operating costs as mutually reconfirmed. If the parties fail to reach written agreement on fee rates before the expiry of Stage Three, the Service Agreement shall automatically terminate upon the expiry of Stage Three, and neither party shall bear liability for breach.

Termination

- : (a) If the Business Partners fails to achieve the core GMV target at the end of Stage One (i.e., RMB5,710,000) or Stage Two (i.e., RMB10,010,000) or fails to achieve the applicable core assessment target at the end of Stage Three or Stage Four, Shenzhen Groland may terminate the Service Agreement unilaterally by delivering written notice within five (5) business days following the relevant stage end. Upon such termination, the parties' cooperation shall not proceed to the next stage, and Shenzhen Groland shall not be liable for any breach or required to pay any additional compensation.
- (b) If, in any stage, the Business Partner's process-monitoring metrics (including ROI or Tmall promotion fee ratio) fail to meet the agreed minimum standard for two (2) consecutive months, and the Business Partner does not cure the deficiency to a compliant level within five (5) business days after receiving Shenzhen Groland's written notice requiring rectification, Shenzhen Groland may issue an immediate unilateral termination notice.

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

The Company clarifies that the budget for the transaction contemplated under the Service Agreement 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.

REASONS FOR ENTERING INTO THE SERVICE AGREEMENT

As disclosed in the Announcements, the Board considered that Shenzhen Groland and the Business Partner bring complementary capabilities. Shenzhen Groland contributes product technology, manufacturing capacity, regulatory expertise, and brand assets, while the Business Partner provides proven digital marketing strategies, platform operations experience, influencer and live-streaming networks, and e-commerce execution capabilities. Together, these strengths are expected to accelerate market entry and enable efficient scaling.

By leveraging the Business Partner's established Douyin and Tmall channels and data-driven e-commerce operations, the parties expect faster customer acquisition, higher conversion rates, and improved user retention. Allocating responsibilities according to each party's core strengths should reduce market-entry risk, improve resource efficiency, and support sustainable long-term growth for the Groland product line in the Chinese market.

The Board will make further announcements to inform Shareholders and potential investors of the Company about the transactions contemplated under the Service Agreement as 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, 24 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*