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City Coolxuan Company Limited

城市酷选有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

**SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
ENTERING INTO THE DISTRIBUTION AGREEMENT**

Reference is made to the announcement (the “**Announcement**”) issued by City Coolxuan Company Limited (the “**Company**”) on 18 March 2026 in relation to the Distribution Agreement entered into between the Licensor and the Licensee for grant of the global non-exclusive distribution rights of the Applications. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information in relation to the Announcement as follows:

BASIS FOR DETERMINING THE ANNUAL CAPS

It has been the Company’s objective to reduce any connected transactions of the Company. However, the Company may also wish to expand and diversify into the applications distribution business segment. In order to satisfy both objectives, the Company proposes to set an annual cap which does not require the approval by the Company’s independent Shareholders. Nevertheless, should the transaction sums under the Distribution Agreement reach the requirement of approval by the Company’s independent Shareholders, the Company will proceed to comply with the relevant GEM Listing Rules (including but not limited to the convening of a Shareholders’ meeting) in due course. In determining the Annual Caps for the period and the years ending 31 March 2026, 2027 and 2028 under the Distribution Agreement,

the Company has taken into account, among other factors: (i) the historical transaction amounts recorded in January and February 2026; (ii) the anticipated market demand from both direct and indirect customers of the Applications; and (iii) the applicable fixed licence fee, which was agreed between the parties on an arm's length basis. The annual cap for the period ended 31 March 2026 was determined with reference to the actual transaction amounts recorded in January and February 2026. The annual caps for each of the years ending 31 March 2027 and 2028 have been determined based on the estimated order volume of the Applications, taking into account that the relevant transaction amounts are expected to remain below 25% of the applicable percentage ratios under the GEM Listing Rules and that the aggregate consideration payable under the transactions will not exceed HK\$10,000,000 for each of the years ending 31 March 2027 and 2028.

FURTHER INFORMATION ON THE DISTRIBUTION AGREEMENT

Under the Distribution Agreement, the Licensee will acquire the usage rights of the Applications from the Licensor for re-sale purpose only when there is back-to-back purchase from the Licensee's sub-distributors and/or end users (i.e. merchants). Such usage rights of the Applications will enable the merchants to conduct their business activities under the Applications. Given the service scope (i.e. the sole distribution of usage rights of the Applications to the sub-distributors and/or end users (i.e. merchants)) under the Distribution Agreement is relatively limited, the Company has been in the course of researching and developing its own SaaS system for offline retail stores. Accordingly, the distribution business conducted under the Distribution Agreement has been suspended, and the Licensee has not made any purchase of the Applications from the Licensor since March 2026. For sub-distributors and/or end users who have subscribed such usage rights of the Applications but wish to surrender such usage rights to the Licensee, the Licensee will disconnect merchants' usage rights to the Applications via its backend system.

At the relevant time after the Company's own SaaS system is in place, the Distribution Agreement is expected to be terminated. Relevant disclosure in respect of the above, including, among others, the termination of the Distribution Agreement, will be made in compliance with the GEM Listing Rules, as and when appropriate. Upon termination of the Distribution Agreement, the Annual Caps in relation to the continuing connected transactions as contemplated under the Distribution Agreement will no longer be applicable.

INTERNAL CONTROL MEASURES

Due to unintended oversight, the Company did not fully comply with Rules 20.32 and 20.33 of the GEM Listing Rules to have a written agreement in place before entering into the connected transactions and to announce timely at the relevant time when the accumulated transaction amount under the Distribution Agreement exceeded 5% of the applicable percentage ratio under Rule 20.74 of the GEM Listing Rules.

The reasons leading to oversight are as follows:

- The internal reporting mechanism for reporting the transaction amounts under the Distribution Agreement operates on monthly basis. The transaction amount recorded for January 2026 available in February 2026 did not exceed the 5% de minimis threshold prescribed under the GEM Listing Rule 20.74. However, as of February 2026, the cumulative transaction amount which was only made available around mid-March 2026 reached and surpassed the 5% de minimis threshold, thereby triggering the requirement for disclosure. The Company made an announcement on the continuing connected transaction and the Annual Caps on 18 March 2026 when the Distribution Agreement was signed between the Licensor and the Licensee on even date. Rule 20.33 of the GEM Listing Rules requires a listed issuer to publish an announcement as soon as practicable after the terms of a connected transaction have been agreed. Given that the reporting mechanism was operated on a monthly basis and that there were intervening Chinese New Year holidays at the relevant time, the relevant transaction data required for assessing the need to make an announcement was not able to be timely delivered to the responsible officer upon reaching the aforesaid disclosure threshold and the Company did not strictly comply with this requirement. Accordingly, the non-compliance of Rule 20.33 relates to the timeliness of the disclosure rather than any omission to disclose the transaction.
- Pursuant to Rule 20.32 of the GEM Listing Rules, a written agreement must be entered into for a connected transaction. Although the Distribution Agreement was finalised and signed immediately when all the terms were agreed with the Licensor, the Company did not fully comply with the rule requirement under Rule 20.32 in terms of timeliness for executing a written agreement prior to transacting with the Licensor in January 2026.

In order to enhance the timeliness of the disclosure of the connected transactions entered into or to be entered into between the Group and its connected persons, the Group has adopted/will adopt the following enhanced internal control measures:

1. The Company has established a contract management system (the “**Contract Management System**”), which incorporates a classification mechanism capable of systematically identifying and categorising all continuing connected transactions. The Contract Management System will automatically classify the transactions immediately after the contract information has been entered into the system. As a result, the Contract Management System will be able to consolidate transaction data and conduct real-time monitoring against the relevant annual caps. The Contract Management System is also designed to generate immediate alerts should any transaction amount approach the pre-set monitoring level of the applicable annual caps.

The Contract Management System operates in conjunction with the Company’s established monthly reporting and statistical analysis procedures for continuing connected transactions, thereby strengthening compliance oversight and internal governance.

2. The Board had approved the adoption of 《關連交易及須予公佈的交易管理制度》 (Connected Transactions and Notifiable Transactions Management Policy) in June 2026 with an aim to promoting and facilitating effective communication for connected and notifiable transactions among different departments and the Group companies. The Connected Transactions and Notifiable Transactions Management Policy provides specific guidance on (i) management responsibilities, (ii) approval processes, (iii) classification of transactions, (iv) calculation of thresholds, and (v) disclosure requirements for connected transactions and notifiable transactions. The Company has also established a list of connected parties and circulated to relevant management within the Group for on-going monitoring.

Pursuant to the Connected Transactions and Notifiable Transactions Management Policy, the approval process will involve the following:

- (i) Approval by the business department of the Company;
- (ii) Submission to the transaction review department for verification as to the principal terms, the relevant percentage ratios and classification of the counterparty;

- (iii) Consultation with the company secretary of the Company to confirm any triggering of connected transaction or notifiable transaction;
- (iv) Approval of the proposed transaction by the relevant subsidiary's board of directors;
- (v) Submission of the proposed transaction to the Board for approval before signing; and
- (vi) After signing, convening Shareholders meeting to approve the connected transaction or notifiable transaction, if required.

The position of respective responsible personnels of the business department, the transaction review department and at relevant subsidiary level are Marketing Business Manager, Business Supervisor and the director of the Licensee.

3. All Group companies shall report, on a monthly basis, the actual transaction amounts relating to their continuing connected transactions to the Company's finance department, which shall closely monitor such amounts. In the event that the actual transaction amount at any time reaches 80% of the proposed annual cap for the relevant continuing connected transaction, the matter shall be promptly escalated to the designated senior accounting officer of the Company, who shall seek the views of the Audit Committee and the Board on appropriate measures, including, without limitation, revising the relevant proposed annual cap in accordance with the requirements of the GEM Listing Rules, if necessary;
4. The designated senior accounting officer of the Company or his/her designate shall retrieve connected transaction data from the Contract Management System on a monthly basis, verify such data by confirming the same with the responsible accounting officer at subsidiary level. The designated senior accounting officer of the Company will be responsible for monitoring the contract management system and incorporate the list of connected persons into the system. Immediately after the business department submits contracts proposed to be entered into with any of the Company's connected persons for final internal approval, the Contract Management System will identify such contracts as connected transactions and record the relevant data for ongoing monitoring. The designated senior accounting officer of the Company will incorporate the findings on the accuracy of such data into the monthly report for submission to the Board; and

5. The Company has scheduled additional training in around mid-August 2026 for its Directors, designated senior accounting officer(s) at the Company's level, and other responsible accounting officer(s) at subsidiary level and on an annual basis, with a view to enhancing their familiarity with the GEM Listing Rules (including the latest regulatory updates) and strengthening their awareness of compliance with the relevant internal control procedures relating to the Group's continuing connected transactions. As at the date of this announcement, the Directors and the responsible personnel mentioned above have completed the aforesaid training.

By Order of the Board
City Coolxuan Company Limited
Pu Jian
Chairman and Executive Director

Hong Kong, 24 September 2026

As at the date of this announcement, the Board comprises Mr. Pu Jian, Mr. Wang Xiaoqi and Mr. Zhou Zhengjun as executive Directors; Ms. Yao Suyang, Mr. He Wenlong, Mr. Lei Wenzheng and Ms. Deng Yongling as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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