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Kafelaku Coffee Holding Limited
猫屎咖啡控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1869)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION – LOAN AGREEMENT AND PAST NON-COMPLIANCE WITH THE LISTING RULES

Reference is made to the announcement of the Company dated 31 March 2025 ("**Announcement**"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors with additional information regarding the Loan Agreement and the internal control review of the Company.

INTERNAL CONTROL REVIEW

As part of the remedial measures and to prevent the reoccurrence of the similar incident of non-compliance with the Listing Rules, the Company has appointed Roma Risk Advisory Limited as the independent internal control consultant ("**IC Consultant**") to perform an internal control assessment and review of the compliance management (the "**Internal Control Review**") related to the loan involving the Executive Directors, other Main Board Listing Rules and treasury management of the Group's internal procedures over the aforesaid non-compliance with a view to enhancing the Company's internal control and corporate governance generally.

The scope of the Internal Control Review covered:

1. The approval procedures and related supporting documents for providing financial assistance and guarantees to subsidiaries/associated companies;

2. The application, approval procedures, and related supporting documents for the use of company chops/official seals;

3. Handling procedures and related supporting documents for receiving financial assistance;

4. Treasury management, including but not limited to policies, approval procedures, and connected transaction management;

5. Reporting, approval, disclosure procedures, and related supporting documents for transactions requiring public announcement; and

6. Monitoring, reporting, approval, disclosure processes, and related procedures for connected transactions (including continuing connected transactions).

The IC Consultant has commenced its initial review in early April 2025 and has provided an initial Internal Control Review report covering the key findings and recommendations at 14 August 2025.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The internal control findings by the IC Consultant in the Internal Control Review and the recommendations as outlined in the initial Internal Control Review report are as follows:

1. Loan Involving the Executive Director

Findings	Recommendations for Improvement
Failure to perform size test calculations before the Loan Agreement was signed.	A size test calculations table, detailing the calculations requirements, should be prepared in a timely manner for any potential notifiable or connected transaction. The financial controller of the Company (the "**Financial Controller**") should seek legal advice from legal advisors and review these calculations to confirm compliance with the Listing Rules, and report the findings to the Board. The financial department should ensure proper filling of these calculations for record-keeping.
Deficiencies in the conflict of interest management mechanism.	The Company should introduce specific thresholds that automatically trigger a review by the Board or a designated committee before any transactions with potential conflicts of interest are conducted. Comprehensive training programs should be provided to all directors, senior management and relevant personnel of Jiangsu Kafelaku to ensure they fully understand the importance of accurately and promptly reporting any potential conflicts.

Findings	Recommendations for Improvement
Failure to obtain written approvals ("**Approvals**") from the Board and the independent Shareholders before signing the Loan Agreement.	The Company should strictly adhere to Chapters 14 and 14A of the Listing Rules, require all major transactions to be reported to the Board before execution. The Financial Controller will seek legal advice from the legal advisers, to determine whether they require approval from the Board and the independent Shareholders. Approvals should be properly documented and filed.
Failure to timely announce the notifiable and connected transaction as required under Chapters 13, 14 and 14A of the Listing Rules after executing the Loan Agreement.	The Company should strictly adhere to Chapters 14 and 14A of the Listing Rules, implementing a structured review mechanism for all material agreements to ensure they are promptly identified, assessed against Chapters 14 and 14A thresholds, and escalated to the Board and obtain approval from both the Board and the independent Shareholders, if applicable. The Company should enhance its training and education programs for all responsible parties.

2. Compliance Review of the Relevant Listing Rules

Findings	Recommendations for Improvement
Ambiguous wording in written policies and procedures for (i) notifiable and connected transaction management, (ii) transaction required to be disclosed under Chapter 13 of the Listing Rules.	The Group should refine the written policies and procedures to cover the notifiable transaction management and continuing connected transaction management procedures. The updated policies should be regularly reviewed and circulated to relevant personnel.

3. Treasury Management

Findings	Recommendations for Improvement
Incomprehensive written policy and procedures for treasury management	The Group should refine the written policy and procedures for treasury management to cover the bank account management and stamp management procedures. Such a written policy should be regularly reviewed and circulated to relevant personnel.
Fund payments lack a tiered authorisation and approval mechanism	The Group should establish a tiered authorisation and approval mechanism for fund payments, differentiating between routine business transactions and non-routine transactions through distinct approval workflows. Authority should be delegated to subsidiary management for routine operational expenditures, while Group-level authorities must review major transactions. Any approvals exceeding delegated authority thresholds must be strictly prohibited to ensure compliance and governance integrity.
Lack of the legal department's signature on the stamp usage log	The Group strictly adhere to its practice of requiring all responsible individuals to sign the stamp usage log or obtain written approval records after review and approval. The Group could explore adopting office software to manage stamp usage requests, enhancing record-keeping efficiency and ensuring a reliable audit trail.
Lack of preparer and reviewer signatures on bank reconciliation forms in newly established subsidiary in the PRC	The Group should require the preparer and the reviewer to sign bank reconciliation forms to provide written documentation of their preparation and review.

The Company is in the course of taking up the recommendations of the IC Consultant, and the recommendations are targeted to be implemented in full by 30 September 2025. The IC Consultant will conduct a follow-up review and issue a finalised Internal Control Review report by 31 October 2025.

The Company will further announce the status of the implementation of the remedial actions as and when appropriate.

By Order of the Board
Kafelaku Coffee Holding Limited
Leung Ka Wai
Chairman

Hong Kong, 12 September 2025

As at the date of this announcement, the executive Directors are Ms. Leung Ka Wai, Mr. Cui Zhiqiang, Mr. Liang Naiming and Mr. Ma Xiaoping; the non-executive Directors are Mr. Cui Zifeng and Ms. Fung Wai Sim; and the independent non-executive Directors are Mr. Chan Yan Kin Philip, Ms. Zhang Guangfang and Mr. Yang Chao.