*These terms of reference are prepared in English. In case of any inconsistency between the Chinese version and the English version, the English version shall prevail.*

# 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)**
**(the "Company")**

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## Audit Committee
## Terms of Reference

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### 1. Organization

The board (the "**Board**") of directors of the Company (the "**Directors**") has resolved to set up an audit committee of the Board (the "**Committee**").

### 2. Objective

The main objective of the Committee is to be responsible for the relationship with the Company's auditors, review of the Company's financial information and monitoring of the Company's financial reporting system, risk management system and internal control procedures. The Committee is accountable to the Board.

### 3. Composition

3.1 The Committee shall comprise three non-executive Directors who are appointed or removed by the Board. If any member of the Committee (the "**Member**") ceases to be a Director, he/she will cease to be a Member automatically. The vacancy will be filled by appointment of new Member by the Board. The Committee must comprise a minimum of three Members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

3.2 The majority of the Members shall be independent non-executive Directors.

3.3 The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

3.4 A former partner of the Company's existing audit firm should be prohibited from acting as a Member for a period of two years from the date of his ceasing (a) to be a partner of the audit firm; or (b) to have any financial interest in the audit firm, whichever is later.

## 4. Secretary

Save as otherwise appointed by the Committee, the secretary to the Committee shall be the secretary to the Company.

## 5. Powers

5.1 The Board authorizes the Committee to conduct any investigation within its scope of powers. The Committee shall have the powers to demand any information necessary from any employees of the Company and its subsidiaries (together, the "**Group**"), and all employees shall be instructed to cooperate with the Committee and satisfy any of its requests.

5.2 The Board authorizes the Committee to seek external legal advice or other independent professional advice, and may invite outsiders who possess relevant experience and professional knowledge to attend meetings if necessary.

5.3 The Board authorizes the Committee to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

## 6. Duties

The duties of the Committee are as follows:

*Relationship with the Company's auditors*

(a) to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor, and to approve the remuneration and terms of engagement of the Company's external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences. Should there be more than one auditor firm participating, the Committee shall ensure the coordination between them;

(c) to develop and implement policy on engaging the Company's external auditor to supply non-audit services. For this purpose, external auditor includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

*Review of the Company's financial information*

(d) to monitor integrity of the Company's financial statements and to review annual report and accounts and half-year report and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(e) Regarding (d) above:

(i) Members should liaise with the Board and senior management of the Company and the Committee must meet, at least twice a year, with the Company's external auditors; and

(ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(f) to discuss with the Company's external auditors questions and doubts arising in audit of quarterly (if any), interim (if any) and annual accounts, and other matters that the auditors wish to discuss (may conduct in the absence of the Company's management if necessary);

(g) to review the letter to the Company's management from the Company's external auditors and the management's response;

(h) if the Company's annual report includes statement about the Company's internal control system, to review such statement prior to submission for the Board's approval;

*Oversight of the Company's financial reporting system, risk management and internal control systems*

(i) to review the Company's financial reporting, financial controls, risk management and internal control systems;

(j) to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(k) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(l) where an internal audit function exists in the Company, to ensure co-ordination between the Company's internal and external auditors, and to ensure that the Company's internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(m) to review the financial and accounting policies and practices of the Group;

(n) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(o) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(p) to review the compliance issues in relation to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) reported by the financial controller of the Company;

(q) to ensure compliance with the laws and regulations relevant to the Group;

(r) to report to the Board on the matters in this terms of reference;

(s) to consider other topics, as defined by the Board;

*Others*

(t) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control, risk management or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(u) to act as the key representative body for overseeing the Company's relations with the Company's external auditor;

(v) to review treasury risk compliance records on a quarterly basis;

(w) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

(x) to conform any requirement, direction and regulation that may from time to time be prescribed by the Board, or contained in the article of association of the Company or imposed by applicable rules and regulations.

**7. Meetings of the Committee**

7.1 Number of meeting

There shall be at least twice meetings of the Committee annually to be convened and held by attending in person, by telephone or video conference. The Board, any member or the Company's external auditors may demand meeting to be convened if required.

7.2 Notice of meeting

Unless waived by all Members on notice, the secretary to the Committee shall give at least seven days prior notice to all Members for any meeting to be convened and circulate the meeting agenda to the Members.

7.3 Quorum

Meetings of the Committee shall be attended by more than one-half of the Members to be effective.

7.4 Conducting the meetings

Meetings could be convened by attending in person, by telephone or video conference. Members could attend the meetings through telephone conference or similar arrangements which Members could communicate to each other. With consent by all Members, resolutions of the Committee could be passed by written resolutions.

7.5 Resolutions

Any resolution shall be passed by the majority votes of the Members who attend the meeting.

7.6 Invitations

The Committee could invite any executive Directors, external advisers or other individuals to attend the meetings but such executive Directors, advisers or individuals are not entitled to vote at the meetings.

7.7 Minutes of the meetings

Full minutes of meetings should be kept by the secretary to the Committee. Minutes shall record matters considered and decisions reached by the Members in details, including any doubt or disagreement raised by the Members. Draft and final versions of the minutes of the meetings should be sent to all Members for their comment and records within a reasonable time after the meetings.

7.8 Attendance of the meetings

The Company's financial controller, head of internal audit and representative of the external auditors shall be required to attend Committee meetings in general. Further, the Committee shall hold at least one meeting annually with the Company's external and internal auditors in the absence of the management of the Company.

## 8. Report

Chairman of the Committee who chair the meetings or other Member who is authorised by the Chairman of the Committee to chair the meetings shall report to the Board after each meeting of the Committee.

## 9. Interpretation

Interpretation of these terms of reference shall belong to the Board.

*(Adopted by the Company pursuant to the Board's resolutions passed on 3 September 2018, revised on 28 December 2018 and 2nd revised on 30 March 2026)*