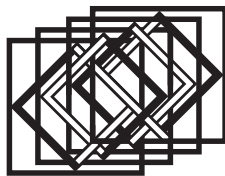


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

UPDATE ON IMPLEMENTATION OF REMEDIAL ACTIONS OF INTERNAL CONTROL REVIEW

Reference is made to the announcements (the “**Announcements**”) of Pak Tak International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 March 2026 and 17 April 2026, and the circular (the “**Circular**”) of the Company dated 11 June 2026, in relation to, among other things, the provision of Guarantees. Capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Circular unless the context requires otherwise.

BACKGROUND

On 25 March 2026, the Company engaged BT Corporate Governance Limited as Internal Control Adviser to conduct a thorough review of and make recommendations to the internal control systems of the Group, to enhance the internal control systems of the Group, properly implement the monitoring procedures of notifiable transactions and connected transactions, and ensure future compliance with the Listing Rules.

The internal control review process has been proceeded in two phases. The first phase involved a comprehensive review of the deficiencies of the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions and the recommendations for remedial actions. The internal control review report for the first phase was issued in middle of May 2026. For details, please refer to the section of “Letter from the Board – Internal Control Review” as set out in the Circular. The second phase has involved an internal control follow-up review of whether the recommendations for the remedial actions to the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions have been fully implemented and enforced, which has been completed by the end July 2026.

** for identification purposes only*

KEY FINDINGS AND REMEDIATION STATUS

Summarised below are the identified internal control deficiencies, recommendations and remediation status:

Finding 1: Corporate Governance Policy and procedures regarding monitoring of notifiable transactions and connected transactions are yet to be strengthened

The Company has established a written Corporate Governance Policy, which includes definitions of connected persons and connected transactions, the division of responsibilities for information disclosure, and disclosure procedures. However, it was noted that monitoring of notifiable transactions and connected transactions primarily relies on management's experience and judgement, while the relevant written documentation and standardised operating procedures have yet to be further elaborated and incorporated into the existing policies and procedures.

Recommendations

The Group is recommended to establish comprehensive internal control mechanisms and document the relevant details in the existing policy and procedures for monitoring of notifiable transactions and connected transactions, which should include but not limit to:

- (1) periodic monitoring, updating and identification of connected transactions and connected persons;
- (2) maintenance of the connected persons list and procedures for contract management regarding connected party transaction;
- (3) declaration of interests by substantial Shareholders, Directors and senior management and;
- (4) internal control over management, accounting records, and compliance, and monitoring of terms and pricing fairness in regard to connected transactions;
- (5) procedures of connected transaction and approval;
- (6) disclosure procedures for connected transactions and notifiable transactions; and
- (7) monitoring of the annual caps of continuing connected transactions.

Remediation Status

The Group has implemented the recommendations of the Internal Control Adviser and has compiled a written “Policy and Procedures regarding Monitoring of Notifiable Transactions and Connected Transactions”, which has been formally adopted and implemented upon approval by the Board. Such written policy, in accordance with regulatory requirements for notifiable transactions and connected transactions, has included the seven points stated under the recommendations above. The division of responsibilities of the financial controller of the Company (the “**Financial Controller**”) and Company Secretary, senior management in the subsidiaries, and the Board in the management of notifiable transactions and connected transactions are clearly defined.

Finding 2: Procedures for connected transactions management are yet to be strengthened

While the Directors (including executive Directors, non-executive Directors, and independent non-executive Directors), and senior management of the Group have made regular declarations of their interests with connected persons, the substantial Shareholders have not made such regular declarations. Under these circumstances, it is difficult for the Group to ensure that substantial Shareholders, have properly disclosed all interests with connected persons, or to timely identify their relationships with connected persons and potential conflicts of interest.

Although the executive Directors and senior management of the Group have consistently overseen potential conflicts of interest during routine operations, the relevant written records were not promptly compiled and incorporated into the list of connected persons, resulting in the list of connected persons not being updated in a timely manner. Under these circumstances, it is difficult for the Group to identify connected persons and potential connected transactions in a timely manner.

Recommendations

The Group is recommended to require the substantial Shareholders, Directors (including executive Directors, non-executive Directors, and independent non-executive Directors), and senior management to submit the declarations of interest with connected persons annually and to promptly provide written notification of any material changes in such interests. The declaration should include the key information such as details of connected persons (including individuals and corporations), explanations of relationships with connected persons, and shareholdings in connected persons (if applicable). All signed declarations should be properly filed and maintained by the Financial Controller and Company Secretary for further reference.

The Group is recommended to prepare a list of connected persons in accordance with the declarations of interest with connected persons submitted by the substantial Shareholders, Directors, and senior management, which should be approved by the Board. The approved list of connected persons should be circulated by the Financial Controller and Company Secretary to all relevant business units and departments via email to facilitate the timely identification of potential connected transactions.

Remediation Status

The Group has implemented the recommendations of the Internal Control Adviser. Each of the two substantial Shareholders, seven Directors (including executive Directors, non-executive Director, and independent non-executive Directors), and three senior management of the Group has been required to complete and sign the list of connected persons of 2026, to declare information about his/her connected persons. All the signed lists of connected persons are filed and kept by the Financial Controller and Company Secretary. The substantial Shareholders, Directors and senior management of the Group shall update their respective list of connected persons when there is any changes, and the Financial Controller and Company Secretary shall remind them to review the list of connected persons annually.

The Financial Controller and Company Secretary sent the list of connected persons to relevant business units and departments of the Group via email in May 2026. Subsequently, the list of connected persons has been further updated and integrated in accordance with the signed lists of connected persons, and upon approval by the Board, has been sent to all relevant business units and departments of the Group again via email in July 2026.

Finding 3: Failure to make disclosure of notifiable transactions and connected transactions in a timely manner

When the Guarantee Agreements were entered into in 2025, the management of the subsidiaries of the Group was not fully aware that such arrangements might constitute connected transactions under the Listing Rules. In addition, due to a misunderstanding of the definition and scope of connected transactions, the relevant circumstances were not identified at the preliminary assessment stage and, therefore, were not reported to the executive Director, and the Financial Controller and Company Secretary in a timely manner for compliance guidance.

Recommendations

The Group is recommended to provide ongoing training to all Directors, senior management and other relevant personnel who may be exposed to notifiable transactions and/or connected transactions to strengthen relevant individuals' understanding and implementation of the Group's internal policies and procedures, the Listing Rules, as well as related laws and regulatory compliance requirements. In addition, the Financial Controller and Company Secretary should proactively confirm, on a regular basis (e.g., monthly), whether any transactions entered into by the Group fall within the scope of notifiable transactions under Chapter 14 of the Listing Rules, and should work closely with legal advisers to ensure timely compliance with the applicable notification, announcement and Shareholders' approval requirements, where applicable.

Remediation Status

The Group has implemented the recommendations of the Internal Control Adviser. According to the connected transactions details provided by the Group, the Group has properly implemented the internal control procedures and disclosure mechanisms for the relevant notifiable transactions and connected transactions in accordance with the newly established written policies and procedures. No irregularities were identified by the Internal Control Adviser in respect of the identification, assessment, approval, and disclosure of the relevant connected transactions.

Finding 4: Lack of regular trainings provided to Directors and senior management on the management of notifiable transactions and connected transactions

It was noted that the Group has not engaged external professional adviser to provide regular training to the Directors and senior management in relation to notifiable transactions and connected transactions.

Recommendations

The Group is recommended to establish and implement a regular training mechanism (e.g., annually) to provide training on the management of notifiable transactions and connected transactions to the Directors, senior management, and other relevant personnel who may involve in the notifiable transactions and/or connected transactions, to enhance their understanding and implementation of the Group's internal policies and procedures, as well as the Listing Rules and relevant legal and regulatory requirements. Relevant training materials and attendance records should be properly kept for future reference.

Remediation Status

The Group has implemented the recommendations of the Internal Control Adviser. A one-hour training has been arranged for the Directors, senior management, and other relevant personnel at the subsidiaries of the Company who may be exposed to notifiable transactions and/or connected transactions on 29 July 2026, which was provided by the Internal Control Adviser. The training covered: (i) the definition, classification and ongoing disclosure obligations of notifiable transactions and connected transactions; (ii) the calculation method and application of size tests; (iii) the supervisory responsibilities of Directors, including the responsibilities of executive Directors and non-executive Directors; (iv) the newly established internal control system and internal processes; and (v) the sharing of practical cases and case analysis, etc.. The training materials and attendance records have been properly kept by the Financial Controller and Company Secretary.

CONCLUSION OF THE INTERNAL CONTROL FOLLOW-UP REPORT

Based on the results of the internal control follow-up review, the Internal Control Adviser considered that all internal control deficiencies identified in the first phase have been addressed with remedial measures by the Group, and the refined internal control policies, management systems, and monitoring procedures have all been formally implemented.

Having considered the result of internal control follow-up review and the remedial measures taken by the Group, both the audit committee of the Company and the Board (including the independent non-executive Directors) are of the view that the enhanced internal control measures implemented by the Group are adequate and sufficient to address the key findings of the first-phase report of the internal control review in order to prevent, monitor and detect the occurrence of similar incidents as those non-compliance issues disclosed in the Announcements. Target trainings in relation to the Listing Rules for Directors and senior management will be conducted in an annual manner. The Board will continue to monitor the effectiveness of the Group's internal control systems and procedures to perform its obligations under the Listing Rules, and ensure the Group's internal control policies and procedures are reasonable and adequate, and integrate them into the Group's operations.

By order of the Board
Pak Tak International Limited
Wu Zongchuan
Chairman and Chief Executive Officer

Hong Kong, 5 August 2026

As at the date of this announcement, the Board comprises Mr. Wu Zongchuan, Mr. Liu Weixiong and Mr. Lyu Zhengjun as executive Directors; Mr. Hang Chu Kwong as non-executive Director; and Ms. Chan Ching Yi, Ms. Li Yun and Mr. Li Wubo as independent non-executive Directors.