

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the announcement of the Company dated 31 March 2025 in relation to the Annual Result Announcement for the year ended 31 December 2024 (the “**Announcement**”). Unless otherwise specified, capitalized terms herein shall have the same meanings as those defined in the Announcement. The Company wishes to provide additional information in relation to the Action Plans and Measurement in the Announcement as follows:

THE BOARD’S ACTION PLANS AND MEASUREMENT TO THE BASIS FOR DISCLAIMER OF OPINION

In regard to the matters described in the section headed “Basis for Disclaimer of Opinion” in the Independent Auditor’s Report, the directors of the Company have been undertaking measures to improve the Group’s liquidity and financial position.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as going concern. The following update summary on the plans and measures which disclosed in page 8 of the annual results announcement for the year ended 31 December 2024 are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) *the controlling shareholder of the Company has agreed to provide continuous financial support to the Group to enable it to meets its obligations when due and carry on its business without a significant curtailment of operations of the Company so as the enable it to meet its liabilities when they fall due and carry on its business for at least the next twelve months from the date of this announcement;*

Expected timeline and basis:

Mr. Liang Naiming (the “**Mr. Liang**”), has agreed to provide continuous financial support to the Group to enable it to meet its obligations when due and carrying on its business without a significant curtailment of operations of the Group so as to enable it to meet its liabilities when they fall due and carrying on its business for at least the next twelve months from the date of the report. The Group received a HK\$3.3 million loan from a shareholder, Mr. Cui Zhiqiang, at the end of May. The Group anticipates receiving the first batch HK\$3 million of financing from the Mr. Liang by end of September 2025, with additional support of not less than HK\$10 million over the following twelve months, aligned with the Group’s needs.

- (ii) *the management has agreed with a related company of the Group, of which is controlled by the controlling shareholder of the Company, for loan facility amounting to RMB96,000,000 to finance the Group’s working capital and commitments in the foreseeable future;*

Expected timeline and basis:

On 14 March 2025, the management has agreed with Guangzhou Kafelaku Coffee Chain Co. Ltd. (the “**Guangzhou Kafelaku**”), related company on the Group of which is controlled by Mr. Liang, for loan facility amounting to RMB96,000,000 to finance the Group’s working capital and commitments in the foreseeable future. The management confirms that Guangzhou Kafelaku is currently applying for a loan from a financial institution situated in the People’s Republic of China (the “**PRC**”). The Group aims to achieve the first drawdown of not less than HK\$10 million by end of August 2025, and the rest of the drawdown will be aligned with the Group’s needs.

- (iii) *the Group will identify and negotiate with various financial institutions and identify various options for financing the Group’s working capital and commitments in the foreseeable future;*

Expected timeline and basis:

The Group has developed a plan to obtain additional sources of funding from financial institutions. The Group is currently identifying and negotiating with financial institutions for the terms of loan facilities. The management planned to obtain funding by raising new capital as mentioned in (iv) in a higher priority.

- (iv) *the Group has developed a plan to raise new capital by carrying out funding-raising activities including but not limited to rights issue and placing of new shares;*

Expected timeline and basis:

The Group will consider to conduct one of these activities by the fourth quarter of 2025 subjected to the Board's approval.

- (v) *the Group will consider the strategic expansion in civet office franchising by increasing the number of franchised coffee shop, which can reduce the set up costs and resource demands associated with the expansion; and*

Expected timeline and basis:

The Group opened its second franchised coffee shop in first quarter of 2025 and plans to open further two to three shops by end of third quarter of 2025. Currently, the Group is in negotiations with potential franchisees in the PRC.

- (vi) *the management has been endeavoring to improve the Group's operating results and cash flows through various cost control measures including streamlining of operations to minimal unnecessary expenses, evaluating the possibility of workforce reductions or reduction of payroll costs and human resources optimisation.*

Expected timeline and basis:

The Group has already initiated these cost control measures including streamlining of operations to minimal unnecessary expenses, evaluating the possibility of workforce reductions or reduction of payroll costs and human resources optimization since the end of last year, with an expected timeline for completion in the second half of the year 2025, and is expected to maintain tight control over recruitment for existing business.

Based on the above, and in preparing the consolidated financial statements, the Directors have reviewed the Group's financial and liquidity position, and planned to improve the liquidity by the above measures and the likelihood of executing the above measures as planned. As such, the Board considered the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue as a going concern.

THE AUDIT COMMITTEES' VIEW

The audit committee of the Company (the “**Audit Committee**”) has reviewed the disclaimer of opinion for the Current Year and has well noted the basis thereof. The management has reviewed the impact of the disclaimer of opinion on the Group and considers that it does not have significant impact on the Group’s daily operation subject to successful outcome of the measures as set out in note 3 under disclosed in page 8 of the annual results announcement for the year ended 31 December 2024.

There was no disagreement between the views of the Audit committee and the management in respect of (i) the disclaimer of opinion and (ii) the Company’s response to address the disclaimer of opinion.

As disclosed on page 34 of the 2024 Annual Results Announcement, the Audit Committee has reviewed with the Management and the Auditors for the 2024 Results, including the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control, and financial reporting matters, in conjunction with the Auditors. During the Audit Committee’s meeting held on 31 March 2025, all members of the Audit Committee had thoroughly reviewed the disclaimer of opinion and the Group’s financial position, and agreed with the position and basis of the Management that the Company was able to carry on as a going concern despite the disclaimer of opinion, based on the reasons as mentioned below.

The Auditors had requested for audit evidence in relation to: (1) the receipt of additional sources of financing from the controlling shareholder and a related company of the Group as and when needed; and (2) the receipt from funding raising activities to obtain financial resources as and when needed. We respectfully submit that the Company was unable to satisfy such requests as at the date of the report as the Directors expect the actual receipt of additional sources of financing to be taken place during the second quarter of the year 2025, with the remainder aligning with the Company’s needs over the next twelve months.

The Audit Committee reviewed the signed loan facility letter amounting to RMB96,000,000 dated 14 March 2025 entered into between the Group and Guangzhou Kafelaku. The Audit Committee has understood from the management that Guangzhou Kafelaku is currently applying for a loan from a financial institution situated in the PRC with a principal amount of approximately RMB175,000,000 (the “**Loan**”). Based on other supporting documents provided by the management, Guangzhou Kafelaku has obtained preapproval from the financial institution and the likelihood of successfully draw down of the Loan is high as represented by the management.

The Audit Committee also obtained the signed letter of support by Mr. Liang for the provision of adequate support to the Group whenever financial support is required to enable the Company to meet in full its financial obligations as they fall due for a period or at least twelve months from the date of the report.

The Audit Committee considers that although the Group could not satisfy the request from the Auditors about the actual receipt of additional financing from Guangzhou Kafelaku and Mr. Liang as at the date of the report, based on the current loan application status achieved by Guangzhou Kafelaku, it is likely that the Group can obtain sufficient fundings from Guangzhou Kafelaku within the next twelve months from the date of the report, aligning with the Group's needs.

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

Hong Kong, 1 August 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.