Huashi Group Holdings Limited
华视集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1111)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROPOSED CHANGE OF AUDITOR

Financial advisor to the Company

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RAINBOW CAPITAL (HK) LIMITED
浤 博 資 本 有 限 公 司

Reference is made to the announcement of Huashi Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 2 June 2026 (the "**Announcement**") and the circular dated 4 June 2026 (the "**Circular**") in relation to the proposed change of auditor. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular.

As disclosed in the Announcement, BDO will retire as the auditor of the Company at the conclusion of the Company's annual general meeting to be held on 26 June 2026 (i.e. the AGM). Following a review of the audit proposals and fee quotations submitted by BDO and three other audit firms, the Company determined that the audit fee proposed by BDO for the audit of the Company's consolidated financial statements for the year ending 31 December 2026 (the "**2026 Audit**") was not competitive. Accordingly, the Company decided not to retain BDO for the 2026 Audit. The Board wishes to provide the Shareholders and potential investors of the Company with additional information about the proposed change of auditor as follows:

CHRONOLOGY OF EVENTS LEADING TO THE PROPOSED CHANGE OF AUDITOR

The chronology of events leading to the proposed change of auditor is set out below:

As disclosed in the annual report of the Company for the year ended 31 December 2025, in 2025, the international situation was complex and volatile, and affected by geopolitical tensions and fluctuating tariff policies, the momentum of global economic growth slowed down. Trade protectionism was dampening business investment and consumer confidence, and the advertising and marketing industry was facing similar pressures. In view of the ongoing challenging business environment, the management of the Company has been actively seeking measures to use the Group's resources more efficiently and reduce the Group's operating expenses, including audit fee.

According to the Company's internal policies, every year, the Audit Committee shall invite at least two other certified public accountants to provide audit quotations and audit plan (including the audit timetable and resource allocation) and shall conduct a comprehensive comparison with that of the existing auditor to evaluate cost-effectiveness and the suitability of resources, in order to further determine whether it is necessary to change the auditor. Accordingly, in preparation for the 2026 Audit, in order to get knowledge of the market trend of audit fee and the competitiveness of the audit fee of BDO, in late May 2026, the Company requested BDO, ZSZH Hong Kong and two other audit firms (the "**Other Audit Firms**") to provide their audit proposals and fee quotations for conducting the 2026 Audit in accordance with its internal policies. By the end of May 2026, the Company received the audit proposals and fee quotations from BDO, ZSZH Hong Kong and the Other Audit Firms. The estimated audit fee for the 2026 Audit of ZSZH Hong Kong is in the range of RMB1.0 million to RMB1.3 million while the estimated audit fees for the 2026 Audit of BDO and the Other Audit Firms range from RMB1.3 million to RMB1.4 million and from RMB1.0 million to RMB1.6 million, respectively. After receiving the aforesaid audit proposals and fee quotations, the Board discussed the arrangements of the 2026 Audit. Based on its preliminary assessment that the audit fee proposed by BDO is not competitive, the Board was of the view that BDO might not be engaged by the Company for the 2026 Audit and the Board decided to seek the opinion of the Audit Committee on such matter.

On 2 June 2026, members of the Audit Committee discussed the audit proposals and fee quotations with the respective representatives of BDO, ZSZH Hong Kong and the Other Audit Firms. Thereafter, the Audit Committee members conducted an overall assessment of all the fee proposals received and came to the view that appointing ZSZH Hong Kong would be in the best interests of the Company, taking into account the factors as disclosed in the section headed "Factors considered in the proposed appointment of ZSZH Hong Kong" below. During the evaluation process, the Audit Committee has comprehensively taken into account the following factors in accordance with the Group's internal policies (including but not limited to): the qualifications and credentials, the scope of the audit, audit recommendations, audit fees and other terms, independence, reputation, the composition of the team to be appointed, technical competence, experience, capabilities and resources of the relevant certified public accountants, as well as matters relating to the change of auditors as set out in the Guide issued by the AFRC.

On the same day, the Board informed BDO of the Company's decision to change the auditor for the 2026 Audit, and notified ZSZH Hong Kong of its proposal to appoint it as the auditor at the forthcoming AGM, requesting ZSZH Hong Kong to prepare for the proposed appointment. BDO informed the Company that it would issue its clearance letter on 26 June 2026 (the date of the AGM). Following the Company's notification, ZSZH Hong Kong underwent its internal client acceptance procedures and onboarding process on 8 June 2026.

FACTORS CONSIDERED IN THE PROPOSED APPOINTMENT OF ZSZH HONG KONG

The Audit Committee assessed ZSZH Hong Kong by reference to the factors set out in Section 2 of the Guidelines, including: ZSZH Hong Kong's independence and adherence to applicable professional and independence requirements; its relevant experience and technical competence in auditing Hong Kong listed issuers and comparable engagements; its understanding of the Company's business and key accounting and audit risk areas; the proposed engagement team's senior involvement and availability; ZSZH Hong Kong's system of quality management; and its market standing, together with any relevant publicly available regulatory information and ZSZH Hong Kong's explanations thereto (where applicable). In forming its view, the Audit Committee took into account the information presented by ZSZH Hong Kong at the Audit Committee meeting, which indicated that ZSZH Hong Kong has an established audit practice with experience in listed company audits, and has policies and procedures in place to maintain auditor independence and manage potential conflicts of interest in accordance with applicable professional and independence standards. In particular,

a. Governance and leadership

ZSZH Hong Kong is registered with the AFRC as a public interest entity auditor. The Audit Committee has reviewed ZSZH Hong Kong's leadership profile, organizational structure and relevant policies in quality management regarding governance and leadership, and is satisfied that ZSZH Hong Kong is committed to performing the audit in the interests of the Company's stakeholders and in the wider public interest.

b. Independence and compliance with relevant ethical requirements

The Audit Committee discussed with the proposed engagement partner and noted ZSZH Hong Kong's compliance with the Code of Ethics for Professional Accountants published by the Hong Kong Institute of Certified Public Accountants, including the independence provisions. The communication covered the fact that there were neither any proposed non-audit services, financial and business relationships between the Company and ZSZH Hong Kong nor any other relationships (whether financial, employment, family relationships or otherwise) between the proposed audit engagement team members (and their respective immediate family members) and the Company, which may impair the independence of ZSZH Hong Kong in performing audit for the Company.

1) *Financial interests that exist between ZSZH Hong Kong and the Company.* There is no financial interest that exists between ZSZH Hong Kong and the Company that may create a self-interest threat to independence;

2) *Business relationships between ZSZH Hong Kong and the Company.* There is no close business relationship between ZSZH Hong Kong, or an audit team member of ZSZH Hong Kong, or an immediate family member of an audit team member, and the Company, that may create self-interest or intimidation threats;

3) *Provision of non-audit services to the Company.* ZSZH Hong Kong has not provided any non-audit services to the Company before; and

4) *Situations where a former member of the engagement team, or partner of ZSZH Hong Kong, has joined the Company in a position that exerts significant influence over the preparation of the accounting records and financial statements (the "**Situations**").* The Company confirms that no Situations described exist as at the date of this announcement.

c. Industry knowledge and technical competence

ZSZH Hong Kong has demonstrated its technical competence with its credentials as a public interest entity auditor, along with its track record in Hong Kong. ZSZH Hong Kong has also provided a detailed outline for the Company as part of its submitted audit proposal, demonstrating its comprehensive knowledge of the recent business development, size, complexity and risk profile of the Group. The Audit Committee has also reviewed and discussed with ZSZH Hong Kong its proposed audit plan, which sets out the audit coverage, procedures and timetable that is sufficient to perform high quality audits.

1) *The audit and relevant industry experience of ZSZH Hong Kong in providing services to overseas issuers incorporated outside Hong Kong and the People's Republic of China and listed on the Stock Exchange.* ZSZH Hong Kong is one of the reputable accounting firms in Hong Kong and has extensive audit experience in auditing Hong Kong-listed companies. ZSZH Hong Kong currently has 26 clients listed on the Stock Exchange, with one in the same industry as the Group. Additionally, the same engagement partner has prior experience in auditing another Hong Kong-listed company which is operated in the same industry as the Group. ZSZH Hong Kong also possesses audit expertise relevant to the Group's business and has demonstrated in its audit service proposal its understanding of the Group's business development, scale, complexity and key risk areas; and

2) *The professional qualifications held by the engagement team members of ZSZH Hong Kong and the overall soundness of the team structure of ZSZH Hong Kong.* The core engagement team members for the audit of the Group will include one engagement partner, one partner of engagement quality reviewer, one partner for technical reviewer, one principal and three team members. The professional qualifications and the rich audit experience of the core engagement team members also ensure the appropriate competence to provide the Company with high quality audit service.

d. Engagement performance

ZSZH Hong Kong's overall audit approach sets out a clear scope and tailored direction for the audit. Having reviewed its audit approach and profiles of the engagement partner and team members, the Audit Committee is satisfied that the audit team has sufficient resources, expertise and time to perform high-quality audits.

e. Communication and interaction with the Audit Committee

Subject to its formal appointment, ZSZH Hong Kong plans to maintain communication with the Audit Committee and the Company's management on the audit progress from time to time to ensure key audit matters will be properly addressed in a timely manner.

ZSZH Hong Kong will ensure it will (i) deliver audit services with a focus on quality, risks, integrity, objectivity and independence; (ii) identify efficiencies and enhancements to the audit plan; and (iii) provide open and frequent communications with the management and the Audit Committee, which shall cover timing of key milestones, scope of the audit engagement, and key issues and significant areas of the audit.

f. Monitoring process

The Audit Committee has noted that ZSZH Hong Kong complies with the requirements of the Hong Kong Standard of Quality Management 1 and 2 published by the Hong Kong Institute of Certified Public Accountants and conducts annual monitoring. The monitoring covers an evaluation of the system of quality management, which includes a review of the quality management manual, an annual quality risk assessment and a review of compliance with relevant standards. In addition, the Audit Committee has reviewed public searches conducted on the websites of the relevant authorities, which did not identify any disciplinary actions concerning the relevant audit engagement partner and other key engagement team members of ZSZH Hong Kong. To the best knowledge of the Audit Committee, the Audit Committee is not aware of any behavior or activities from ZSZH Hong Kong that would threaten the integrity, objectivity and independence, or adversely affect its quality of audit, to the Company.

g. Audit proposal and audit fee

According to ZSZH Hong Kong's audit proposal, the fees, audit methodology, scope of work, audit resource allocation and timetable have been set out in details. The estimated audit fee for the 2026 Audit of ZSZH Hong Kong is in the range of RMB1.0 million to RMB1.3 million while the estimated audit fees for the 2026 Audit of BDO and the Other Audit Firms range from RMB1.3 million to RMB1.4 million and from RMB1.0 million to RMB1.6 million, respectively. ZSZH Hong Kong's quotation is based on a range of factors, including the size and complexity of the Group's operations, the historical audit fee, the anticipated scope of the audit, the audit schedule and the resources required by ZSZH Hong Kong. ZSZH Hong Kong's audit scope comprehensively covers the Company's core business operations, with an audit plan tailored to the Company's size and risk profile. The fees proposed by ZSZH Hong Kong are commensurate with the scale and structure of the Group, as well as the nature and complexity of the Group's business and operations.

Audit scope

ZSZH Hong Kong will determine the audit scope and audit procedures with reference to materiality. Also, implementation of necessary audit procedures for opening balances of financial statements will be performed. ZSZH Hong Kong will design and perform testing procedures, which include a combination of inspecting documents, observing processes, seeking independent confirmations and performing analytical reviews to obtain sufficient and appropriate evidence about the financial statements.

Audit direction

The audit fieldwork focuses intensely on the high-risk areas, including potential management override of controls and revenue recognition. The engagement partner will supervise the entire audit process to ensure sufficient evidence has been obtained for forming the audit opinion. The engagement quality reviewer will be involved independently from the planning stage, and will review the key audit matters and scrutinize the findings before an audit report is issued. ZSZH Hong Kong will communicate with the Audit Committee during the whole audit process.

Audit timetable

The proposed audit timetable of ZSZH Hong Kong is as follows:

Audit planning and audit on opening balances	October to December 2026
Communication with the Audit Committee – Planning	October to December 2026
Audit field work	January to March 2027
Communication with the management and the Audit Committee on the draft audited report	March 2027
Publishment of results announcement	Late March 2027
Publishment of annual report	Late April 2027

On this basis, the Audit Committee is satisfied that ZSZH Hong Kong is independent, competent and capable (including manpower, expertise, time and other resources) to act as auditor of the Company and to undertake the audit with high quality for the year ending 31 December 2026 in accordance with applicable standards. As disclosed in the Circular, the Audit Committee has considered the relevant sections of the AFRC's guidance in assessing the appointment of ZSZH Hong Kong as the new auditor of the Company. In particular, the Audit Committee obtained and reviewed the 2024–25 AFRC's Annual Inspection Report publicly issued by the AFRC (the "**Report**"). Based on the inspection results set forth in the Report and to the best of the Audit Committee's knowledge, the Audit Committee is not aware of any conduct on the part of ZSZH Hong Kong that would threaten its integrity, objectivity, and independence, or that would adversely affect the quality of its audit.

By Order of the Board
Huashi Group Holdings Limited
Chen Jicheng
Chairman and Chief Executive Officer

Wuhan, the PRC, 24 June 2026

As at the date of this announcement, the Board comprises Mr. Chen Jicheng, Ms. Chen Jizhen, Mr. Zhang Bei and Ms. Xue Yuchun as executive Directors, and Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou as independent non-executive Directors.