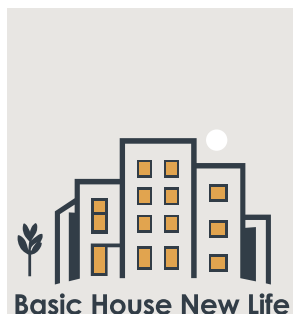


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Basic House New Life Group Limited
簡樸新生活集團有限公司

(formerly known as AL Group Limited 利駿集團(香港)有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8360)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO CHANGE OF AUDITOR

Reference is made to the announcement of Basic House New Life Group Limited (the “**Company**”) dated 23 December 2025 (the “**Announcement**”) in relation to the change of auditor. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide the following supplementary information in relation to the change of auditor of the Company.

KEY CONSIDERATIONS OF THE AUDIT COMMITTEE

In evaluating the appointment of McMillan Woods, the Audit Committee has considered section 2 of the Guidelines for Effective Audit Committees — Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council on 16 December 2021. Details of its evaluation are summarized as follows:

Audit quality

In evaluating the audit quality of McMillan Woods, the Audit Committee has taken into account the following factors:

- (1) *Governance and leadership*: The Audit Committee has reviewed McMillan Woods’ organisational structure and the relevant policies in its quality management manual regarding governance and leadership, and is satisfied that McMillan Woods maintains

clear reporting lines and delegation of authority, as well as responsibility and accountability arrangements, which safeguard the public interest in the performance of its audit function.

- (2) *Compliance with relevant ethical requirements:* The Audit Committee has reviewed McMillan Woods' relevant policies in its quality management manual regarding ethical requirements (including integrity, objectivity and independence), and is satisfied with the effectiveness of the related policies and procedures. Further, there were no prior services provided to the Company or its affiliated entities by McMillan Woods member firms or their related entities that might create threats to independence. McMillan Woods confirmed that there are no matters of which it is aware, that present a conflict of interest between its staff engaged on the audit and the management of the Group.
- (3) *Industry knowledge and technical competence:* The Audit Committee has reviewed the profile of McMillan Woods, the composition of the proposed audit engagement team and the profile of the audit engagement partner. As stated in the audit proposal, McMillan Woods' existing clientele included over 80 companies listed on the Stock Exchange. The audit engagement partner has extensive working experience at an international Big Four audit firm and demonstrated significant audit track record in the building construction sector.
- (4) *Engagement performance:* The Audit Committee has enquired into the audit methodology and audit strategy, including the scope, timing and direction of the audit. Further, having considered the proposed audit engagement team structure, the Audit Committee is satisfied that McMillan Woods has adequate staff resources and capacity to perform a quality audit, having regard to the Group's business scale and the number of group entities.
- (5) *Communication and interaction with the Audit Committee:* Based on its review of the audit proposal, the Audit Committee considers that McMillan Woods places appropriate emphasis on maintaining effective two-way communication with the Audit Committee during each phase of the audit, as necessary.
- (6) *Monitoring process:* The Audit Committee has conducted public searches on the websites of the relevant authorities, and no disciplinary actions concerning McMillan Woods, the key audit engagement partner or the engagement quality reviewer were identified.

Based on the foregoing, the Audit Committee is satisfied that McMillan Woods is independent, competent and capable to perform a high-quality audit for the Group.

Audit fee

There has been no material change in the size and structure of the Group (including its business lines, geographical locations, number and relative significance of subsidiaries and associated entities) or the nature and complexity of its businesses for the years ended 31 December 2024 and 2025. The Audit Committee has assessed that there is no material difference between the audit approaches and the scope of audit work proposed by CCTH and McMillan Woods. The Audit Committee therefore considers that the key factor underlying the different fees are attributable to market competition.

The audit fee proposed by CCTH of HK\$1,000,000 is primarily based on staff grade and budgeted hours. The audit fee proposed by McMillan Woods of HK\$900,000 is primarily based on estimated hours and hourly rates, determined by each professional's level of experience. Upon review of the fee breakdowns by seniority of staff members and budgeted hours, the Audit Committee concluded that McMillan Woods has committed greater resource allocation, in terms of both the number of audit engagement team members and total budgeted hours, which will expedite the audit process and enhance efficiency.

Having assessed (i) the aforementioned factors relevant to audit quality; and (ii) the greater resource allocation by McMillan Woods, the Audit Committee believes that it has properly discharged its duty to ensure, and is satisfied that, the reduced audit fee is not at a level that would compromise audit quality. In addition, McMillan Woods has confirmed that it has no intention to rely on obtaining additional or higher margin non-audit services to subsidise its costs of the audit.

PROPOSED AUDIT PLAN OF MCMILLAN WOODS

McMillan Woods adopts a risk-based approach that directs its work and focus on areas where there are higher risks of material misstatement of the consolidated financial statements. The tentative proposed timetable with detailed procedures and steps is as follows:

Timeframe	Stages with detailed procedures and steps
23 December 2025 to 7 January 2026	— Identification of key audit matters and risk assessment of material misstatements
Before 7 January 2026	— Arrangement of bank confirmations
7 January 2026	— Commencement of audit planning — Meeting with the Audit Committee for discussion of audit strategy and preliminary scope
8 January 2026	— Commencement of field work in Hong Kong
19 January 2026	— Commencement of field work in the People's Republic of China

Timeframe	Stages with detailed procedures and steps
2 February 2026	— Receipt of (i) the draft consolidated financial statements of each reporting entity in the Group; (ii) the draft consolidated financial statements of the Group; and (iii) the drafts of “other reports” to be included in the Company’s annual report
March 2026	— Meeting with the Audit Committee to discuss major accounting or auditing issues and proposed audit adjustment
27 March 2026	<ul style="list-style-type: none"> — Meeting of the Audit Committee to finalise and approve the draft consolidated financial statements of the Group for the Board to consider — Board meeting to approve the consolidated financial statements of the Group — Release of the preliminary annual results announcement of the Company

Under the proposed audit plan, McMillan Woods expects to deploy an audit engagement team of nine members to complete the audit of the Group for the year ended 31 December 2025. Given that (i) the greater resource allocation by McMillan Woods is expected to expedite the audit process and enhance efficiency; (ii) there are no material differences in the audit approach or the scope of work required for the audits for the years ended 31 December 2024 and 2025; (iii) the audit planning and the meeting with the Audit Committee commenced two weeks earlier than in the previous year; and (iv) the Audit Committee has held thorough discussions with McMillan Woods on the audit planning to ensure McMillan Woods has complete oversight of all key audit matters to ensure orderly and efficient audit process, the Audit Committee is of the view that the resources committed by McMillan Woods are adequate to achieve the proposed audit timetable, and the proposed timetable is reasonable and sufficient for McMillan Woods to complete all necessary audit procedures without compromising audit quality.

CHRONOLOGY OF EVENTS LEADING TO THE CHANGE OF AUDITOR

In October 2025, the management of the Company was approached by McMillan Woods, which pitched for the audit engagement for the year ended 31 December 2025. Upon due enquiry into McMillan Woods’ proposed fee of HK\$900,000 and audit resources, the management of the Company determined that the fee and resource structure offered by McMillan Woods was more favorable than the terms offered by CCTH in the prior year.

As no consensus could be reached on the final audit fee upon negotiation between CCTH and the Company, CCTH proposed its resignation as the auditor of the Company, and formally tendered its resignation letter to the Company on 19 December 2025. Given that the audit proposal from McMillan Woods offered more favourable terms in view of its fee structure and resource commitment, the Board and the Audit Committee consented to the resignation of CCTH and proposed the appointment of McMillan Woods. The Board considers that the change of auditor would achieve cost efficiency while upholding audit quality, which is in the interests of the Company and its Shareholders as a whole. Accordingly, the Company entered into an engagement letter with McMillan Woods on 23 December 2025.

By order of the Board
Basic House New Life Group Limited
Chan Hung Kai
Chairman and Executive Director

Hong Kong, 21 January 2026

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Chan Hung Kai (Chairman) and Mr. Chung Kar Ho Carol; and three independent non-executive Directors, namely, Mr. Tam Chak Chi, Ms. Lau Ho Kwan and Mr. Tang Chi Chiu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its publication and on the website of the Company at www.basicnewlife.com.