XINHUA NEWS MEDIA HOLDINGS LIMITED
新華通訊頻媒控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 309)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025; RESULTS OF THE INTERNAL CONTROL REVIEW; AND RESUMPTION OF TRADING

References are made to the announcement of Xinhua News Media Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 30 June 2025 in relation to the annual results for the year ended 31 March 2025 and the annual report of the Company for the year ended 31 March 2025 (the "**2024/2025 Annual Report**"). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2024/2025 Annual Report.

The consolidated financial statements of the Group for the year ended 31 March 2025 ("**FY2025**") was issued a disclaimer of opinion (the "**Disclaimer of Opinion**") by Prism Hong Kong Limited (the "**Auditors**"), the independent auditors of the Company, on the basis as set out in the paragraph headed "Basis for disclaimer of opinion" in the Independent Auditors' Report of the 2024/2025 Annual Report.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to supplement the following:

THE AUDIT ISSUE

As disclosed in the 2024/2025 Annual Report, the Auditors expressed the Disclaimer of Opinion on the Company's consolidated financial statements for FY2025 due to the inaccessibility of the supporting documents of the accounting books and records of certain subsidiaries of the Group (the "**Inaccessible Accounting Supporting**"), namely, Heng Qin Hetong Cultural Communication Company Limited and Fujian Yu Sheng Da Supply Chain Management Company Limited (collectively, the "**Sub-Group**"). As a result, the Auditors were unable to obtain sufficient appropriate audit evidence to ascertain the occurrence, accuracy, completeness, cutoff, classification and presentation of any transactions that may need to be presented or have been presented in the consolidated statement of profit or loss and other comprehensive income of the Sub-Group and the valuation, existence and completeness of the assets or liabilities that may need to be presented or have been presented in the consolidated statement of financial position of the Sub-Group in accordance with HKFRS Accounting Standards (the "**Audit Issue**").

THE COMPANY'S ACTIONS TO ADDRESS THE AUDIT ISSUE

The Audit Issue was caused by the Inaccessible Accounting Supporting during the preparation of the financial statements of the Group for the year ended 31 March 2025 since April 2025. In June 2025, due to the Inaccessible Accounting Supporting, the Company engaged PAL Advisory Limited (the "**Investigator**") as the investigator to carry out an investigation (the "**Investigation**") and PRC counsel to advise on the Inaccessible Accounting Supporting. The Group issued a demand letter to Heng Qin to urge and request for the financial records of Heng Qin for the period from 1 October 2024 to 31 March 2025 but the Group did not receive any response. The details of the scope, the results and the remedial actions in respect of the Investigation are set out below in the paragraph headed "RESULTS OF THE INTERNAL CONTROL REVIEW" of this announcement.

In view of the Inaccessible Accounting Supporting and in order to resolve the Audit Issue, the Company identified a purchaser for the disposal of the entire equity interest in the Sub-Group (the "**Disposal**") in late May 2025. The Group and the purchaser, an independent third party and a company incorporated in Hong Kong with limited liability and principally engaged in the provision of financial advisory services relating to corporate restructuring and debt recovery, entered into the sale and purchase agreement on 27 June 2025 in respect of the Disposal for a consideration of HK$300,000 and the completion took place on the same day. The consideration for the Disposal was determined after arm's length negotiation between the Group and the purchaser having considered various factors, including but not limited to (i) the Sub-Group's financial performance and financial position to the extent that the Company has information on; (ii) the business operations of the Sub-Group, which, based on the findings of the Investigation, the Sub-Group currently has no business operations; (iii) the issues with the management of the Sub-Group on the Inaccessible Accounting Supporting; and (iv) the prospects of a potential contractual dispute of the Sub-Group.

THE AUDITOR'S VIEW ON THE AUDIT ISSUE

Accordingly, the Company has engaged the Auditors to perform a full scope audit of the Group in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants for the period from 1 April 2025 to 30 June 2025 and the audit was completed on 26 September 2025.

As a result of the full scope audit conducted, the Auditors are of the view that the Audit Issue has been fully addressed on 27 June 2025 due to the completion of the Disposal, as the Group ceased to hold any interests in the Sub-Group and the Sub-Group ceased to be subsidiaries of the Company, and the disclaimer of opinion shall be limited to the Group's consolidated statement of profit or loss for the period from 1 April 2025 to 30 June 2025.

THE BOARD'S VIEW ON THE AUDIT ISSUE

The Board has reviewed the Audit Issue and the Company's action to address the Audit Issue, including but not limited to the terms and conditions of the Disposal. Specifically, the Board considers that following the completion of the Disposal, the Group has ceased to hold any interests in the Sub-Group. The Board considers that as all the assets and liabilities of the Sub-Group has been disposed, the Sub-Group has since ceased to be subsidiaries of the Company and the financial information of the Sub-Group would no longer be consolidated into the financial statements of the Group, the residual impact of the Sub-Group on the Group and the disclaimer of opinion would be limited to the Group's consolidated statement of profit or loss for the period from 1 April 2025 to 30 June 2025 only. As such, the financial information of the Sub-Group would no longer affect the financial statements of the Group on and after 1 July 2025. Moreover, the Inaccessible Accounting Supporting would no longer have any impact on the Group following the completion of the Disposal.

The Board has also considered the full scope audit carried out by the Auditors on a reasonable assurance basis in order to assess the impact of the financial information of the Sub-Group and the Disposal on the remaining Group and the Auditors' view following the full scope audit conducted as set out above. Taking into account of the above, the Board is of the view, and the Auditors agree, that the Audit Issue has been fully addressed on 27 June 2025.

THE AUDIT COMMITTEE'S VIEW ON THE AUDIT ISSUE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Audit Issue and considered the Company's measures to address the Audit Issue, including but not limited to the terms and conditions of the Disposal. The Audit Committee has also critically reviewed the facts and circumstances considered by the Board in arriving at its view. Specifically, the Audit Committee considers that following the completion of the Disposal, the Group has ceased to hold any interests in the Sub-Group. The Audit Committee considers that as all the assets and liabilities of the Sub-Group has been disposed, the Sub-Group has since ceased to be subsidiaries of the Company and the financial information of the Sub-Group would no longer be consolidated into the financial statements of the Group, the residual impact of the Sub-Group on the Group and the disclaimer of opinion would be limited to the Group's consolidated statement of profit or loss for the period from 1 April 2025 to 30 June 2025 only. As such, the financial information of the Sub-Group would no longer affect the financial statements of the Group on and after 1 July 2025. Moreover, the Inaccessible Accounting Supporting would no longer have any impact on the Group following the completion of the Disposal.

The Audit Committee has also discussed the scope, the work done and the outcome of the full scope audit with the Auditors in details. Upon the Audit Committee's assessment, the Audit Committee concurs with the view of the Board and the facts and circumstances considered by the Board and is satisfied that the Audit Issue has been fully addressed on 27 June 2025 as a result of the completion of the Disposal.

RESULTS OF THE INTERNAL CONTROL REVIEW

In response to the Inaccessible Accounting Supporting, in June 2025, the Investigator was engaged to perform the Investigation. The scope of the Investigation included but not limited to an assessment on the accessibility of financial information, the preparation of financial statements in previous period, a verification on the business activities of the Sub-Group and the contact procedures between the Company and the Sub-Group. The Board is of the view that the scope of the Investigation is sufficient and comprehensive in covering all areas in respect of the Inaccessible Accounting Supporting and the business operations and financial condition of the Sub-Group for FY2025.

The Investigation was completed on 25 September 2025. The Investigator has identified, among other things, the following material internal control deficiencies:

(a) insufficient supervision mechanism for submission of the subsidiaries' financial information to the Company as the Group only required the Sub-Group to submit financial reports once every six months and mainly relied on the autonomous reporting of the subsidiary's management; and

(b) a lack of crisis response and business continuity mechanism with over-reliance on a single point of contact with the Sub-Group, which resulted in the inability to obtain necessary financial information when the key personnel failed to respond and cooperate.

The Investigator has suggested and the Company's management has responded and outlined a remedial plan addressing the identified internal control deficiencies to strengthen the Company's internal control system. Certain deficiencies that are considered material are summarised below:

Issues identified	Remedial plan	Company's responses and remediation status
Insufficient supervision mechanism for submission of the subsidiaries' financial information to the Company	Request its subsidiaries to provide financial statements on a monthly basis	Requested and the Company shall follow up regularly if required
	Establish a regular backup mechanism for important financial documents of subsidiaries	Backup of financial documents of subsidiaries implemented and requested subsidiaries to complete regular backups
Lack of crisis response and business continuity mechanism with over-reliance on a single point of contact	Assign additional personnel into its subsidiaries as additional channel for subsidiaries' information	The financial controller at one of the Group's subsidiaries has been assigned to oversee the timely submission of financial information from subsidiaries and obtaining updated information
	Enter into service arrangement with the accounting firm or third-party accounting company to ensure that necessary information can be provided directly to the Group in special circumstances	The Group intends to prepare its own accounting books and records internally without engaging a third party accounting company

The view of the Board and the Audit Committee on the Investigation

The Board (including the independent non-executive Directors) has reviewed the results of the Investigation and is of the view that the findings of the Investigation are reasonable and acceptable and the suggested remedial measures as outlined above adequately address the issues arising from the Inaccessible Accounting Supporting. Having considered the Investigator's recommendations and following completion of the remedial actions that has been put in place by the Group, the Board is of the view, and the Audit Committee agrees, that the Company has in place an adequate and effective internal control system to avoid re-occurrence of similar issues as the Inaccessible Accounting Supporting in the future.

RESUMPTION OF TRADING

Under Rule 13.50A of the Listing Rules, in view of the Disclaimer of Opinion, at the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2025. As set out in this announcement, as the Company has addressed the issues giving rise to the Disclaimer of Opinion pertaining to Rule 13.50A of the Listing Rules, an application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 29 September 2025.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Xinhua News Media Holdings Limited
Tsui Kwok Hing
Co-Chairman

Hong Kong, 26 September 2025

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Lo Kou Hong, Mr. Tsui Kwok Hing and Mr. Yung Ting Yiu; two non-executive Directors, namely, Ms. Wang Guan and Ms. Chen Yun; and three independent non-executive Directors, namely, Mr. Wang Qi, Mr. Yau Pak Yue and Mr. Leung Nga Tat.