HENG TAI CONSUMABLES GROUP LIMITED
亨泰消費品集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00197)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO RESIGNATION OF AUDITORS AND APPOINTMENT OF AUDITORS AND THE CIRCULAR OF THE COMPANY DATED 12 AUGUST 2026

Reference is made to the circular of Heng Tai Consumables Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 12 August 2026 (the "**EGM Circular**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the EGM Circular. The Company would like to provide the following supplemental information regarding the EGM Circular as follows:

CHANGE OF AUDITOR

As disclosed in the circular, on the recommendation of the Audit Committee, the Board has resolved to appoint Quentin Wong & Co. CPA Limited ("**QW CPA**") as the new auditor of the Company with effect from 10 July 2026 to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the AGM, the Board proposed to pass an ordinary resolution at the EGM to approve the appointment of QW CPA.

As a comparison, the audit fee for FY2024/25 of RSM, amounted to HK$1,850,000. The proposed audit fee by QW CPA for FY2025/26 was HK$800,000 and QW CPA was budgeted at approximately 2,850 staff hours. The Audit Committee assessed the audit timetables for the 2026 audit and 2025 audit are similar and reasonable.

The Audit Committee has considered a number of factors in assessing the appointment of QW CPA as the new auditor of the Company, including but not limited to (i) the fee quotation and the audit proposal of QW CPA; (ii) its resources and capabilities, including manpower, time to be devoted and the constitution of the audit engagement team; and (iii) the guideline issued by the Accounting and Financial Reporting Council.

AUDIT FEE

In arriving at the estimated audit fee of HK$800,000 for FY2025/26, the Audit Committee and the Board took into account the following factors after due consideration and arm's length negotiations between the Company and QW CPA:

(i) Current business environment and complexity

The Group is affected by current uncertain business environment and economy since FY2024/25. The Audit Committee assessed the FY2025/26 audit fee proposed by QW CPA, and considered it was commensurate with the size and the structure of the Group, as well as the nature and complexity of the Group business and operations. The Group's revenue decreased from approximately HK$238,310,000 to HK$158,303,000 during the six months ended 31 December 2025, representing a decline of about 34%. Furthermore, based on the six months ended 31 December 2025, no revenue generated from the securities brokerage and margin financing business. The Audit Committee considered that the Group's scale of operations and business activities had reduced compared with the previous year, and therefore the audit procedures were correspondingly reduced.

In light of the above, the Audit Committee considered that the reduction in the audit fee was reasonable and commensurate with the Group's reduced scale of operations, business activities and overall financial performance.

(ii) Audit process efficiency through artificial intelligence

QW CPA expressed that the incorporation of advanced data analytics and AI-enabled technologies into the audit methodology marks a significant enhancement in financial oversight and audit execution. These tools assist the audit team in several day-to-day tasks, including audit planning, the identification of key risk areas, analytical review procedures, the comparison of financial data against industry information, and the detection of irregular or unusual journal entries, among others.

In particular, the use of simple and readily available artificial intelligence tools enables QW CPA to process and review large volumes of financial data more efficiently and accurately than traditional manual procedures. With the same level of resources, this can reduce the time required to complete routine testing procedures, thereby allowing the audit team to devote additional time and professional judgement to more complex and higher-risk areas. By supporting these analytical and risk-assessment processes, AI-enabled tools contribute to a more effective, efficient, and technology-driven audit approach, while remaining consistent with the requirements and quality standards applicable to their profession.

(iii) International branding

The substantial difference between the audit fees quoted by RSM and QW CPA is primarily attributable to their different market positioning and brand profiles. RSM is an international audit firm with an established global network, recognised reputation and extensive professional resources. Its fee may therefore reflect the additional costs and pricing premium associated with maintaining an international brand, global connectivity and broader technical support capabilities. In contrast, QW CPA does not have the same international brand positioning or the related pricing premium. Its lower quotation therefore reflects the market position, rather than any reduction in audit quality, professional competence or audit coverage. The significant fee gap should accordingly be understood as a commercial difference arising mainly from the firms' respective brand status, resources and pricing structures. The Audit Committee has considered the proposed fee reasonable.

(iv) Registered public interest entity ("PIE") auditors

Both RSM and QW CPA are PIE auditors under the Accounting and Financial Reporting Council Ordinance (Cap. 588) and are subject to the regulatory oversight of the Accounting and Financial Reporting Council. Accordingly, both audit firms are required to comply with the statutory, professional, ethical and independence requirements when undertaking PIE audit engagements. The Audit Committee has considered QW CPA's eligibility, resources, capabilities and audit approach and is satisfied that the proposed appointment is appropriate and will not compromise audit quality or scope.

(v) Manpower and experience

In terms of the composition of the audit engagement team, QW CPA currently has one engagement partner ("**EP**"), one engagement quality control reviewer ("**EQCR**"), one engagement manager ("**EM**"), one senior, and three semi-senior and junior staff. The proposed audit engagement team of QW CPA has the similar staffing composition as that of RSM. Accordingly, the proposed change of auditor does not involve any significant difference in the number or level of personnel assigned to the audit engagement. The approximately 2,850 staff hours proposed by QW CPA cover the engagement from the date of appointment through to the completion of the annual report, with the engagement team being available throughout the relevant audit period. For reference, in the prior years, RSM commenced its work around August. The Audit Committee also compared the cost structure of another audit firm and noted that it was broadly similar to that of QW CPA. Having considered the staffing composition, the duration and extent of the engagement, the comparative staff hours, and the available cost structure comparisons, the Audit Committee considered that the resources proposed by QW CPA were sufficient and appropriate for the audit engagement.

Furthermore, both the EP and the EQCR of QW CPA have prior experience in conducting and overseeing PIE audit engagements at an international audit firm. Through such experience, they have developed a sound understanding of the professional, regulatory, ethical, independence and quality control requirements applicable to PIE audit engagements, as well as the level of professional judgement, supervision and review required in carrying out such engagements. QW CPA also provides sufficient and appropriate continuing professional development ("**CPD**") training to its staff on a regular basis. Such CPD training is designed to enhance and maintain the professional competence, technical knowledge and regulatory awareness of QW CPA's staff, thereby supporting the consistent performance of audit procedures and the delivery of audit work in accordance with applicable professional standards and quality requirements.

By order of the Board
Heng Tai Consumables Group Limited
Chan Cheuk Yu Stephen
Executive Director

Hong Kong, 28 August 2026

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lam Kwok Hing (Chairman), Ms. Lee Choi Lin Joecy, Mr. Chan Cheuk Yu Stephen and Mr. Sun Banggui; and three independent non-executive directors, namely Ms. Mak Yun Chu, Ms. Chan Wai Ying and Mr. Poon Yiu Cheung Newman.