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歡喜傳媒集團有限公司*
HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1003)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROPOSED CHANGE OF AUDITOR

Reference is made to the announcement of Huanxi Media Group Limited ("**Company**", together with its subsidiaries, the "**Group**") dated 26 October 2026 ("**Announcement**") and the Company's circular dated 13 November 2026 ("**Circular**") in relation to the proposed change of auditor. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement and the Circular.

The Board wishes to provide the following supplemental information in relation to the Proposed Change of Auditor.

REASONS FOR THE PROPOSED CHANGE OF AUDITOR

The audit fee is the only underlying reason for the Proposed Change of Auditor in view of the Cost Control Measures.

DETERMINATION AND REASONABLENESS OF BDO PROPOSED FEE

Based on the information provided by PwC and BDO in relation to the 2026 Audit, the Audit Committee understood that the scope of the audit work to be performed by both firms would be similar and both firms would adopt a risk-based audit approach. According to the information provided by BDO, the Proposed Audit Team consists of at least nine members, with an estimated overall engagement of not less than 3,500 hours; the team structure primarily includes two partners, one principal, one senior manager, one manager, three senior associates and various associates; and the audit hours to be performed for the 2026 Audit by BDO are slightly more than the audit hours for the audit of the Group's consolidated financial statements for the year

* *For identification purposes only*

ended 31 December 2025 ("**2025 Audit**") performed by PwC, based on the Group's overview and understanding from the 2025 Audit, and that the PwC Proposed Fee was based on the assumption that the expected audit scope, audit timetable and auditor's resources required for the 2026 Audit would be materially similar to those provided by PwC to the Group for the 2025 Audit. BDO has confirmed to the Audit Committee that the proposed audit fee was determined independently based on its assessment of the Group's circumstances and the resources required to perform the audit in accordance with the Hong Kong Standards on Auditing, and that the proposed fee would not result in any reduction in the nature, timing or extent of audit procedures necessary to obtain sufficient appropriate audit evidence. In view of the above, the Audit Committee understood that there would not be any material reduction in the scope of work to be performed by BDO or resources to be allocated by BDO and that BDO would adopt a risk-based audit approach substantially consistent with market practice for audits of listed issuers.

The Board and the Audit Committee consider that the difference between the PwC Proposed Fee and the BDO Proposed Fee is mainly attributable to differences among different audit firms in terms of the pricing policies, personnel cost structures, resource allocation and overall engagement cost-effectiveness of BDO. While the lower BDO Proposed Fee is in line with the Cost Control Measures, the Company did not make its decision on the selection and appointment of the Auditor solely based on the level of proposed audit fee. Instead, the Company made the decision after having thoroughly considered BDO's independence, professional qualifications, relevant experience, capabilities, resource commitment, expected scope of work, audit strategy and approach and the reasonableness of the BDO Proposed Fee, and having satisfied itself that the BDO Proposed Fee is not at a level that would result in BDO compromising the quality of the 2026 Audit by having inadequate resources allocated to the audit or insufficient audit work being performed.

To discharge its duties and ensure that the audit quality would not be compromised due to the reduced fee, the Audit Committee has performed an assessment on the suitability of BDO as the incoming Auditor in accordance with the requirements of the Guidelines for Effective Audit Committees − Selection, Appointment and Reappointment of Auditors issued by AFRC ("**Guide**"). The Audit Committee has reviewed BDO's detailed staff plan, experience in auditing listed issuers and proposed engagement hour allocations, and was satisfied that adequate technical resources and experienced staff would be provided by BDO to perform the 2026 Audit. Further, the Audit Committee has also confirmed with BDO on its independence to ensure that there would be no scope limitations or constraints placed on its audit work.

Based on these evaluations, the Audit Committee is satisfied that the BDO Proposed Fee is fair and reasonable, and commensurate with the level of size and complexity of the Group's operations, and that BDO's proposed audit plan, timetable and committed resources are adequate to complete the 2026 Audit without comprising audit quality.

THE AUDIT COMMITTEE'S ASSESSMENT ON BDO

As disclosed in the Circular, the Audit Committee has considered the relevant sections of the AFRC's guidance in assessing the appointment of BDO as the new Auditor.

2025 AFRC annual inspection

In particular, the Audit Committee has obtained and reviewed the 2025−26 AFRC's Annual Inspection Report issued by AFRC ("**Report**"), which is publicly available at afrc.org.hk. The Report states that BDO is a Category A firm received an Audit Quality Review ("**AQR**") rating of 4 (Significant Improvements required) in the 2025 AFRC annual inspection. Due to secrecy provisions under the Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong), BDO is unable to disclose specific details regarding the deficiencies identified in the 2025 AFRC annual inspection.

BDO has confirmed that it has implemented appropriate remediation actions to address the significant findings, with the aim of addressing the findings and maintaining audit quality. BDO has submitted remediation plans, with specific implementation timelines, to address the identified findings to AFRC within the required timeframe.

Incidents

The Audit Committee also noted the public reprimand and pecuniary penalties imposed by the AFRC on BDO (and certain individuals) as set out in AFRC's press release dated 20 December 2024 in relation to the engagement of a listed company for audits during 2011 to 2016 ("**First Incident**") and AFRC's press release dated 21 August 2025 in relation to the engagement of another listed company for audit in 2018 ("**Second Incident**", together with the First Incident, the "**Incidents**").

In the First Incident, BDO failed to perform adequate audit procedures, obtain sufficient appropriate audit evidence, and exercise appropriate professional judgment in evaluating the accounting of the relevant business arrangements of the relevant listed company, such as failure to critically assess and challenge the management's judgments with professional skepticism; and critically evaluate the accounting of some of the relevant business arrangements.

In the Second Incident, in relation to the audit work on the impairment assessment of a particular business of the relevant listed company, BDO failed to carry out appropriate audit procedures commensurate with the risks identified, and placed inappropriate reliance on the work carried out by the relevant valuer and the relevant valuation expert involved in the relevant valuation without sufficient professional skepticism.

BDO has confirmed that it has also implemented remedial actions to address the deficiencies identified, including:

- Strengthening mechanisms for partner accountability and engagement supervision: This involves clearer lines of responsibility and more rigorous oversight of audit teams by partners.

- Providing targeted training to core engagement members: This ensures that audit professionals are up-to-date with the latest standards and best practices, directly addressing areas where deficiencies were noted.

- Enhancing procedures for assessing the competency of the engagement partner and the engagement quality control reviewer during the acceptance process: This ensures that only suitably qualified and experienced individuals lead and review audits, preventing recurrence of issues related to inadequate expertise.

- Conducting ongoing monitoring: This establishes continuous internal review processes to proactively identify and address potential quality issues before they escalate.

BDO has further advised that these measures have been fully implemented and incorporated into BDO's quality management framework as part of its commitment to audit quality. BDO has also confirmed that it has not received any follow-up enquiries from the AFRC regarding these matters.

In addition, the Audit Committee has considered each of the factors under paragraph 2.2.4 of the Guide, details of which are set out in the Circular. In particular, the Audit Committee has considered the followings:

Factors	**Audit Committee's Consideration and Basis**
Governance and Leadership	The Audit Committee reviewed BDO's governance structure and quality management system. BDO has confirmed the full implementation of remedial actions into its quality management framework to enhance partner accountability and engagement supervision, which the Audit Committee believes demonstrates a commitment to governance aligned with audit quality.
Compliance with Relevant Ethical Requirements	BDO, as a registered Public Interest Entity auditor, is subject to the AFRC's regulatory framework. The Audit Committee has noted BDO's confirmation that it has addressed the findings from previous inspections and regulatory actions, and that no further enquiries have been received from the AFRC.

Factors	Audit Committee's Consideration and Basis
Industry Knowledge and Technical Competence	The Audit Committee considered BDO's extensive experience in auditing Hong Kong-listed companies. The Audit Committee has also evaluated the qualifications and experience of the Proposed Audit Team and confirmed that the relevant persons mentioned in the AFRC's disciplinary cases are not part of the Proposed Audit Team.
Engagement Performance	The Audit Committee reviewed BDO's resources available to support the 2026 Audit. BDO has enhanced its procedures for assessing engagement partner and quality control reviewer competency, and implemented ongoing monitoring mechanisms, which the Audit Committee believes are sufficient to support high-quality audit performance.
Communication and Interaction with the Audit Committee	The Audit Committee has established channels for communication with BDO and is satisfied with the Proposed Audit Team's understanding of the Company's business and its commitment to timely interaction, as demonstrated during the assessment process.
Monitoring Process	The Audit Committee has carefully considered the 2025 AQR rating of 4 and the Incidents. Based on BDO's confirmed remediation plans, the implementation of enhanced quality management procedures, and the assurance that the involved personnel are not part of the Proposed Audit Team, the Audit Committee is satisfied that these matters do not impair BDO's suitability.

In view of the above, the Audit Committee considers that BDO has already implemented remedial actions to ensure the maintenance of the quality of audit, in particular, there are strengthened mechanisms for partner accountability and engagement supervision, provision of targeted training to core engagement members and enhanced procedures for assessing the competency of the engagement partner and engagement quality control reviewer. The Audit Committee considers that BDO has in place a structured monitoring framework to support ongoing quality control and compliance and taking into account of BDO's experience in auditing listed issuers and resources committed by BDO, BDO would be able to timely complete the 2026 Audit in accordance with the Hong Kong Standards on Auditing. In addition, with reference to the above and the best knowledge of the Audit Committee and having confirmed with BDO, the Audit Committee is not aware of any behaviour or activities from BDO that will threaten the integrity, objectivity and independence of BDO or adversely affect its quality of audit. The Audit Committee is therefore of the view that BDO remains independent, competent, and capable to act as the Auditor for the 2026 Audit notwithstanding the inspection results in the Report and the Incidents.

PROPOSED AUDIT PLAN

BDO would conduct the 2026 Audit in accordance with the Hong Kong Standards on Auditing using a risk-based approach, pursuant to which audit efforts would be directed to areas with a higher risk of material misstatement in the 2026 Accounts. Under such audit approach, BDO would first obtain an understanding of the Group's business and operations before identifying different components of the Group and performing risk assessments on the Group. Based on the results of such risk assessments, BDO would determine the nature, timing and extent of its audit procedures, including its sampling approach and substantive testing procedures, to obtain sufficient and appropriate audit evidence, which would serve as the basis for forming its audit opinion on the 2026 Accounts.

Taking into account that (i) the above audit plan is consistent with the requirements of the Hong Kong Standards on Auditing and the actual circumstances of the Group; (ii) sufficient resources will be allocated by BDO for the 2026 Audit, in particular, with the Proposed Audit Team consisting of at least nine members, primarily includes two partners, one principal, one senior manager, one manager, three senior associates and various associates, with an estimated overall engagement of not less than 3,500 hours; and (iii) the proposed audit timetable under which BDO would commence audit planning work in December 2026 with a target to complete the audit work in March 2027, the Audit Committee is satisfied that the proposed audit timetable is reasonable and sufficient for BDO to complete all necessary audit procedures without compromising the audit quality, and that BDO's committed resources are adequate to achieve the proposed audit timetable.

By Order of the Board
Huanxi Media Group Limited
Xiang Shaokun, Steven
Executive Director and Chief Executive Officer

Hong Kong, 23 November 2026

As at the date of this announcement, the Board comprises Mr. Xiang Shaokun, Steven (Chief Executive Officer), Ms. Hu Hui and Ms. Jiang Meng as executive Directors, Mr. Ning Hao and Mr. Xu Zheng as non-executive Directors, and Mr. Wong Tak Chuen, Mr. Li Xiaolong, Mr. Wang Hong and Mr. Song Pengliang as independent non-executive Directors.