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**中國前沿科技集團**

China Frontier Technology Group

*(formerly known as Wisdom Sports Group 智美體育集團)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1661)**

## **SUPPLEMENTAL ANNOUNCEMENT CHANGE OF AUDITOR**

Reference is made to the announcement of China Frontier Technology Group (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 December 2025 in relation to the change of auditor (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that Infinity CPA Limited (“**Infinity**”) resigned as the auditor of the Company (the “**Proposed Resignation**”) upon passing relevant resolution at the extraordinary general meeting to be convened and held by the Company (the “**EGM**”). With the recommendation of the audit committee of the Company (the “**Audit Committee**”), subject to the Proposed Resignation becoming effective by way of passing an ordinary resolution at the EGM, the Board resolved to appoint Prism Hong Kong Limited (“**Prism**”) as the new auditor of the Company (the “**Proposed Appointment**”, together with the Proposed Resignation, the “**Proposed Change of Auditor**”) to fill the casual vacancy following the resignation of Infinity and hold office until the conclusion of the next annual general meeting of the Company. The Proposed Appointment is subject to, among other things, the passing of the relevant resolution at the EGM.

### **BACKGROUND TO AND REASONS FOR THE CHANGE OF AUDITOR**

At the last annual general meeting of the Company held on 30 June 2025, Infinity was reappointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company. On 7 November 2025, the Company commenced preliminary discussions with Infinity regarding the audit scope, audit timetable and proposed audit fee for the financial year ended 31 December 2025. In the course of the Audit Committee’s review of the Group’s audit arrangements for the relevant financial year, the Company also sought indicative fee proposals from other audit firms and, on 10 November 2025, received quotations from Prism and McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”).

Following receipt of the indicative quotations, Prism was invited to attend a meeting with the Audit Committee on 24 November 2025, at which Prism presented and discussed its proposed audit approach, audit plan and fee structure. After further discussions with Infinity on 27 November 2025 and 15 December 2025 regarding the possibility of accepting a reduced audit fee, no consensus could be reached between the Company and Infinity. In light of the foregoing, Infinity agreed to resign as the auditor of the Company on 15 December 2025, and the Company subsequently received Infinity's resignation letter on 18 December 2025. As set out in Infinity's resignation letter, Infinity's decision to resign was made after considering many factors including (i) the professional risk associated with the audit; (ii) its available internal resources; (iii) the level of audit fees; and (iv) the situation of prolonged settlement of the audit fee for the year ending 31 December 2025. Also, Prism offered lower audit fee relative to Infinity and McMillan Woods is primarily based on its operational efficiency and resource deployment methodology. Prism possesses extensive experience in auditing Hong Kong-listed companies and maintains established close working relationships with valuation firms and other experts, enabling it to perform the requisite audit procedures for a defined scope more cost efficiently. After considering the facts and circumstances, the Audit Committee made a recommendation to the Board to proceed with the Proposed Change of Auditor and to seek the approval of the shareholders of the Company (the **"Shareholders"**) regarding the Proposed Resignation. The Board is of the view that the Proposed Change of Auditor will continue to maintain audit quality and thus it is in the interests of the Company and the Shareholders as a whole. The Proposed Resignation is subject to the passing of an ordinary resolution at the EGM pursuant to the memorandum of association of the Company (the **"Memorandum of Association"**).

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board, there is no requirement under the laws of the Cayman Islands for the removed auditor to confirm whether or not there is any circumstance connected with their cessation to act as the Company's auditors which they consider should be brought to the attention of the Shareholders. The Board and the Audit Committee also confirm that there are no other matters or circumstances in connection with the Proposed Resignation that need to be brought to the attention of the Shareholders.

The Board further confirmed that, as at the date of this announcement, Infinity has not commenced any substantive review or audit work except for preliminary planning work in relation to the consolidated financial statements of the Group for the financial year ended 31 December 2025. It is expected that the Proposed Change of Auditor will not have any significant impacts on the annual audit and the release of annual results of the Group for the financial year ended 31 December 2025.

## **APPOINTMENT OF AUDITOR**

Following the resignation of Infinity, the Audit Committee conducted a comprehensive assessment regarding the audit quality, proposed audit approach, manpower deployment, level of senior involvement, audit timetable, independence, competence and capability of Prism, with reference to the quality indicators set out in the Guide on the selection, appointment and reappointment of auditors.

## **Independence and objectivity assessment of Prism**

The Company and the Audit Committee have obtained the list of partners and members of the management committee (directors) of the incoming auditors, as well as the details of the signing partners and the reviewing partners. The aforesaid information has been checked against the information of the Company's directors, supervisors and senior management. The Company confirms that there is no relationship between the Company and the shareholders, directors, signing partners and reviewing partners of the incoming auditors.

## **Competence, industry experience and technical expertise**

The Company and the Audit Committee have obtained the incoming auditors' business license, practicing certificates, business filing certificates, and qualifications for conducting audits of Hong Kong listed companies. The Company has further verified such information with the public information disclosed by the Stock Exchange.

## **Capability – manpower, time commitment and resources**

The Audit Committee specifically assessed Prism's capability to undertake the audit by reviewing (i) the proposed manpower deployment by staff seniority and geographical location; (ii) the estimated audit hours and time commitment of the engagement partner and manager; (iii) Prism's ability to deploy additional resources if required; and (iv) Prism serves over 50 Hong Kong-listed companies with sufficient audit experience in auditing Hong Kong listed companies.

## **Team structure of Prism and working hours**

According to Prism's proposal, the core team planned for the Company's audit engagement to include one engagement partner with over 10 years of audit experience and one audit manager with over 8 years of audit experience; both possess certified public accountant qualifications. Additionally, the team includes one senior auditor with 3-5 years of audit experience and two associates with 1-3 years of audit experience. The total estimated audit hours are approximately 1,200, which includes 80 hours for the engagement partner, 200 hours for the audit manager, 400 hours for the senior auditor, and 520 hours for associates. These hours are dynamically adjustable based on audit progress to ensure the smooth completion of the work.

## **Audit Fee**

Regarding the capability of the firm, the Audit Committee considered that Prism and McMillan Woods are more experienced in auditing compared to Infinity and currently serve over 50 Hong Kong-listed companies. In terms of audit strategy and timeline, Prism provided a tailored audit strategy and timeline, while Infinity missed the audit timeline last year, and McMillan Woods provided a conventional audit strategy and timeline. Prism's fee was the most competitive, being approximately 13.33% lower than Infinity's quote and 33.33% lower than McMillan Woods' quote, and its proposal demonstrated a focused strategy for efficiency. Infinity's fee reflected its historical cost structure and a recent fee increase proposal. McMillan Woods' fee was substantially higher, which the Audit Committee considered less cost-effective. The Audit Committee views Prism's fee quotation as commensurate with its committed resource input, professional competence, and efficient execution strategy, and therefore justifiable.

## **Audit approach assessment**

The Audit Committee understood that, while all three firms proposed a full scope audit of the Company and its major subsidiaries and business segments, there is no reduction in entities or business segments to be covered under Prism's engagement.

Prism employs a risk-based audit approach, as detailed in the Audit Committee Communication Plan. This involves understanding the Company's internal controls and focusing audit efforts on areas with the highest risk of material misstatement. Prism's approach aligns with the AFRC's emphasis on ethical leadership and audit quality. The audit strategy will guide the auditor's development of the audit plan specifying the nature, timing, and extent of audit procedures to be performed in the course of the audit.

For the additional procedures including preliminary planning, risk assessment, and opening balance auditing, Prism has conducted a detailed assessment of the required hours and concluded that the incremental workload can be absorbed through efficiency gains derived from its risk-oriented audit methodology.

Regarding key audit matters such as asset impairment (if any), Prism will engage a professionally qualified independent valuation specialist to assist Prism to assess the methodologies and assumptions adopted in management's models and assumptions, ensuring appropriate and specialized scrutiny on high-risk items.

Prism's audit plan will also include assessment of the design, implementation and operating effectiveness of key internal controls, including but not limited to, debt collections and estimate of expected credit losses.

The Audit Committee is satisfied that Prism's risk-based audit approach, combined with its competence and the Audit Committee's oversight, will ensure a high-quality audit, and that the consideration of audit quality outweighs audit fees.

## Proposed audit timetable

Time Phase	Estimated Time	Detailed Procedures
<b>Audit Planning Phase and Control Testing Phase</b>	January – Early February 2026	<ol style="list-style-type: none"><li>1. Communicate with management and the Audit Committee; conduct preliminary risk assessment; confirm audit terms; formulate overall audit strategy and specific plans.</li><li>2. Understand internal control design and operation; test key control points; evaluate control effectiveness; determine the scope and nature of substantive procedures.</li></ol>
<b>Substantive Audit Phase</b>	Early February – Mid-March 2026	Perform substantive procedures (confirmation, physical inventory, inspection, recalculation, analytical procedures); focus on high-risk areas and opening balance verification; check compliance with disclosure requirements.
<b>Audit Report Phase</b>	Late March 2026	Summarize audit evidence; communicate audit findings with management and the Audit Committee; prepare and review the audit report; issue the final report.

The Audit Committee reviewed Prism's proposed audit timetable, which provides sufficient time for each audit phase, including planning, fieldwork, review and completion, without undue compression. In assessing the reasonableness of the timetable, the Audit Committee took into account:

- the Group's year-end closing process and operational complexity;
- the sequencing of audit procedures across different business segments and locations; and
- the Listing Rules requirement for timely publication of the annual results.

The Audit Committee noted that audit planning and preliminary procedures commenced in December 2025, allowing adequate lead time before year-end, and that the main audit fieldwork and review stages are appropriately scheduled.

After considering (i) the audit proposal of Prism; (ii) Prism's experience, industry knowledge and technical competence in providing audit work for companies listed on the Stock Exchange; (iii) Prism's independence from the Group and objectivity; (iv) Prism's resources and capabilities including manpower and time; (v) the Guidance Notes on Change of Auditors issued by the Accounting and Financial Reporting Council; (vi) the lack of material differences in audit scope and team structure between Prism and other audit firms, which implies that audit quality can be maintained; and (vii) the fee quote from Prism being lower than those of Infinity and McMillan Woods, the Audit Committee has assessed and considered Prism to be independent, eligible, capable and suitable to act as the auditor of the Company.

The Board, with the recommendation of the Audit Committee, has resolved to propose that the Shareholders approve the appointment of Prism as the new auditor of the Company to fill the casual vacancy following the resignation of Infinity and to hold office until the conclusion of the next annual general meeting of the Company. The Proposed Appointment is subject to the Proposed Resignation becoming effective and the passing of the ordinary resolution in respect of the Proposed Appointment at the EGM.

## **IMPLICATIONS UNDER THE LISTING RULES**

According to Article 152(2) of the Memorandum of Association, the removal of an auditor before the expiration of his term of office shall require the approval of an ordinary resolution of the Shareholders in general meeting.

Under Rule 13.88 of the Listing Rules, (a) the Company must not remove its auditor before the end of the auditor's term of office without first obtaining Shareholders' approval at a general meeting; (b) the Company must send a circular proposing the removal of the auditor to Shareholders with any written representations from the auditor, not less than 10 business days before the general meeting; and (c) the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to Shareholders at the general meeting.

In compliance with the Memorandum of Association and the Listing Rules, the Proposed Resignation and the Proposed Change of Auditor will be proposed as ordinary resolutions at the EGM.

Accordingly, the Company will despatch a circular to the Shareholders who request printed copies, containing, among other things, the further information on the Proposed Change of Auditor together with the notice of EGM, and also despatch a copy of the same to Infinity to invite them to attend the EGM and make written or verbal representations (if any) to the Shareholders at the EGM.

The Board confirms that save as disclosed herein, there are no other matters in respect of the Proposed Change of Auditor that need to be brought to the attention of the Shareholders.

## **THE EGM**

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Proposed Change of Auditor. A circular containing further information of the Proposed Change of Auditor, together with the notice of the EGM, is expected be dispatched to the Shareholders on or before 30 January 2026.

The Board would like to express its sincerest gratitude to Infinity for its professional services rendered to the Group in the past year.

**All other information contained in the Announcement remains unchanged and continues to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.**

By order of the Board  
**China Frontier Technology Group**  
**Ren Song**  
*Chairlady and Executive Director*

Hong Kong, 27 January 2026

*As at the date of this announcement, the executive Directors of the Company are Ms. Ren Song, Ms. Zhang Panpan and Ms. Zhang Yingzhao; and the independent non-executive Directors of the Company are Ms. Leung Hiu Man, Ms. Gao Wenjuan and Ms. Peng Xiaoliu.*