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CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00343)

FURTHER ANNOUNCEMENT IN RELATION TO CHANGE OF AUDITOR

Reference is made to the announcement (the "**Appointment Announcement**") of Culturecom Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 22 May 2026 in relation to the appointment of CCTH CPA Limited as the auditor of the Company. Reference is also made to the announcement (the "**Resignation Announcement**") of the Company dated 18 May 2026 in relation to the resignation of Gary Cheng CPA Limited as the auditor of the Company.

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Appointment Announcement and the Resignation Announcement.

FURTHER INFORMATION TO THE RESIGNATION ANNOUNCEMENT

The Company would like to supplement the Resignation Announcement with the following information in relation to the chronology of events leading to resignation of Gary Cheng CPA.

The Company took longer than expected in considering and accepting the original fee quotation of HK$1.1 million and the revised fee quotation of HK$1.3 million from Gary Cheng CPA for 2026 Audit. The Company had used its best effort to expedite the process which did not materialize due to the following practicable difficulties: (a) a temporary liquidity constraint at the listed company level, during which the Company could not pay the required deposit of HK$0.5 million before the expiry of the original fee quotation on 30 April 2026; (b) following the receipt of the revised fee quotation from Gary Cheng CPA on 7 May 2026, the executive Directors needed additional time to assess its reasonableness given the Company's still-constrained liquidity position; and (c) on 29 April 2026, the Company entered into subscription agreements and part of the net proceeds was intended to apply for settlement of the deposit requested by Gary Cheng CPA. However, the subscription agreements only became unconditionally after obtaining the listing approval on 15 May 2026, and by that time, Gary Cheng CPA has already determined to resign as the auditor of the Company.

FURTHER INFORMATION TO THE APPOINTMENT ANNOUNCEMENT

The Company would like to supplement the Appointment Announcement with the following information in relation to the appointment of CCTH.

CHRONOLOGY OF EVENTS LEADING TO THE APPOINTMENT OF CCTH

As disclosed in the Resignation Announcement, Gary Cheng CPA communicated to the Company their decision to resign as the auditor of the Company for the 2026 Audit on 12 May 2026 and the Company and the Audit Committee formally received the resignation letter from Gary Cheng CPA on 18 May 2026.

Since being informed of Gary Cheng CPA's decision to resign as the auditor of the Company, the Company sought to obtain audit proposals from other auditor firms. After collating and reviewing the audit proposals received (including the background, proposed audit plan, audit approach, risk assessment, timetable, staff arrangement, independence and competency), discussion was held with such auditor firms. Due diligence was also conducted on such auditor firms. On 22 May 2026, the Board, after due consideration and with the recommendation of the Audit Committee, has resolved to appoint CCTH as the auditor of the Company to fill the casual vacancy.

The Audit Committee, after having discussion with Gary Cheng CPA, was satisfied that all underlying reasons leading to the resignation of Gary Cheng CPA have been disclosed in the Resignation Announcement.

KEY CONSIDERATION BY THE AUDIT COMMITTEE

The audit fee proposed by CCTH

The Audit Committee has carefully considered the difference between the audit fee of HK$1.0 million proposed by CCTH and the revised audit fee of HK$1.3 million (with the original audit fee of HK$1.1 million) proposed by Gary Cheng CPA for the 2026 Audit.

Pursuant to paragraph 2.3.8 of the Guideline, the Audit Committee has obtained from CCTH breakdown of its proposed audit fee and compared with that from Gary Cheng CPA. The proposed audit engagement of CCTH will be conducted by a dedicated team of 8 members, committing approximately 3,000 man-hours (including overtime). The proposed audit fee of CCTH also takes into account the audit of the PRC components.

Save that CCTH has committed a larger team (8 persons compared to Gary Cheng CPA's typical team size of 6 persons), the Audit Committee noted that there are no significant differences between the two firms in terms of their respective audit plans, personnel deployment and the use of specialists. In particular, the Audit Committee noted that (i) there is no material reduction in audit scope; (ii) the proposed audit approach remains risk-based and addresses the Group's principal audit matters and key audit areas; (iii) the Group's operations, organisational structure and risk profile have remained stable, with no material increase in complexity, no significant acquisitions, disposals or restructurings, and no complex transactions undertaken during the year ended 31 March 2026; and (iv) the proposed audit fee from both Gary Cheng CPA and CCTH take into account the audit of the PRC components regarding the Group's PRC business.

The Audit Committee further considered that the difference in audit quotations among professional firms do not necessarily reflect differences in audit scope or quality. Instead, such differences may be due a variety of firm-specific commercial reasons, including the scale and composition of the engagement teams, operating model and internal cost structure. Prevailing market conditions and individual business and marketing strategy may further cause variations in fee levels.

Accordingly, a difference in quoted fees between two firms is not, of itself, an indication of any compromise in the scope or quality of the audit work to be performed, particularly where the underlying audit scope is broadly comparable. Having considered the above, the Audit Committee is of the view that the audit fee of CCTH of HK$1.0 million is commensurate with the extent of audit work required by the Group by reference to the size of the Group's business operations and assets, commercially acceptable and the audit quality will not be compromised, is set at a level that enables sufficient audit resources to be allocated to perform the requisite audit procedures, and consideration of audit quality has outweighed that of audit fees in the selection of CCTH.

The Audit Committee's assessment on CCTH

The Audit Committee has considered section 2, particularly paragraph 2.2.4, of the Guideline and is satisfied that the CCTH is independent, competent and capable to perform high quality audits upon the consideration as set out in the Guideline.

(a) Governance and leadership

The Audit Committee has reviewed CCTH's written governance structure and quality control system. As part of its Internal Quality Review Programme, CCTH assesses the compliance to the requirements of Hong Kong Standard on Quality Management 1 ("**HKSQM 1**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") on an annual basis. The proposed engagement team includes an engagement quality control reviewer to oversee the engagement quality control reviews carried out by CCTH in relation to the engagement. Further, CCTH was founded in 2010 by three practitioners with over 30-years of experience in audit. The Audit Committee is satisfied that appropriate governance and leadership are in place to support audit quality.

(b) Compliance and relevant ethical requirements

CCTH confirmed that it has established and adopted the policies and procedures regarding its quality management, including the compliance of relevant ethical requirements. In respect of independence, CCTH adopts strict internal policies and procedures in accordance with the Code of Ethics for Professional Accountants issued by HKICPA. Having discussed with CCTH in respect of its independence and considered the above, the Audit Committee is satisfied that CCTH complies with relevant ethical requirements and is independent in relation to the audit engagement.

(c) Industry knowledge and technical competence

The Audit Committee has noted that CCTH is a registered public interest entity auditor registered with the Accounting and Financial Reporting Council (the "**AFRC**"), with extensive experience in providing audit services to listed companies in Hong Kong. The Audit Committee has reviewed and discussed with CCTH its proposed audit plan, which sets out the audit coverage, audit procedures, key engagement team members and timetable, and is satisfied that it is sufficient to perform high-quality audits. The engagement team is led by an engagement director who is a certified public accountant (practising) in Hong Kong with over 30-years of experience in audit and accounting (including listed companies and initial public offerings) and a registered responsible person for public interest entity engagement with the AFRC.

(d) Communication and interaction with the Audit Committee

CCTH has confirmed that a comprehensive communication policy is in place to ensure effective two-ways discussion of significant financial reporting and auditing matters in a timely manner. In addition, private meetings will be held with CCTH throughout the audit process, in the absence of management, to review key audit issues and allow CCTH to provide candid and confidential comments to the Audit Committee thereon.

(e) Audit inspection results and regulatory outcomes

The Audit Committee has noted that CCTH shall conduct an Internal Quality Review Programme on an annual basis, which assesses the compliance of HKSQM 1 covering areas such as risk assessment process, governance and leadership, ethical requirements and engagement performance. In addition, CCTH is subject to AFRC inspection at least once in a three-year cycle covering system of quality management and audit engagement files.

CCTH disclosed the following regulatory matters to the Audit Committee: (1) On 28 November 2023, the AFRC imposed a public reprimand and a pecuniary penalty of HK$80,000 on CCTH for delays in completing corrective actions required following an inspection; (2) In August 2021, the Financial Reporting Council (now AFRC) announced an investigation into CCTH's audit of Next Digital Limited for the year ended 31 March 2020.

The public reprimand is related to delays in completing post-inspection corrective actions, not to the quality of audit work performed on any PIE engagement. The AFRC expressly acknowledged CCTH's "proactive cooperation" and "early admission" in reaching a settlement, resulting in a reduced penalty. The disciplinary action was concluded in November 2023 – approximately 2.5 years ago. CCTH has since operated without further disciplinary sanctions. CCTH has since implemented the required remedial measures, including new templates for expected credit loss assessment, e-learning courses for staff, and enhanced quality control procedures. The matters giving rise to the disciplinary action have been fully remediated. The Audit Committee has obtained and reviewed evidence of the remedial measures implemented by CCTH and is satisfied that they do not affect CCTH's ability to conduct the 2026 Audit to the required standards.

Save as disclosed above, no other adverse findings were identified in publicly available AFRC inspection reports and no disciplinary records were found against CCTH or the engagement director.

(f) Engagement performance

The Audit Committee has enquired into the detailed, risk-based audit plan with specific audit procedures for revenue recognition, inventory valuation, intangible assets, management override of controls, and opening balances under HKSA 510 Initial Audit Engagements – Opening Balances. Having reviewed its audit approach and profiles of the engagement director and allocated team members, including the allocation of approximately 3,000 man-hours, the Audit Committee is satisfied that the audit engagement team has sufficient resources, expertise and time to perform high-quality audits.

By Order of the Board
Culturecom Holdings Limited
Kwan Kin Chung
Executive Director

Hong Kong, 8 July 2026

As at the date hereof, the Board comprises of Mr. Huang Guangyu (being Chairman and executive Director); Mr. Kwan Kin Chung (being executive Director); and Mr. Wong Kwan Kit and Mr. Mung Yat Lik (all being independent non-executive Directors).

* *for identification purpose only*