Litian Pictures Holdings Limited
力天影業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9958)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CHANGE OF AUDITOR

Reference is made to the announcement of Litian Pictures Holdings Limited (the "**Company**") dated 30 July 2026 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.

As disclosed in the Announcement, KPMG resigned as the auditor of the Company with effect from 30 July 2026, and McMillan Woods was appointed as the new auditor of the Company to fill the casual vacancy. The Company would like to provide the following supplementary information in relation to the change of auditor.

THE CHRONOLOGY OF EVENTS IN RELATION TO THE CHANGE OF AUDITOR

Date	**Event**
30 June 2026 to 20 July 2026	The Company requested KPMG to provide audit fee quotation for the 2026 Audit and assess the audit plan.
20 July 2026	KPMG provided a quotation of RMB2 million, representing an 66.67% increase as compared with the audit fee for the 18 months period ended 30 June 2025, taking into account the factors including the addition of audit work for the Company's newly established Hong Kong online video platform, the assessment of changes in executive directors and management capability, as well as the time and its internal resources for carrying out audit for the year ended 30 June 2026.
21 July 2026	The Company attempted to negotiate with KPMG for an audit fee of RMB1.5 million, KPMG reverted that, having considered the internal resource allocation and the Company's feedback on audit fees, it was unable to accept the proposed reduction.

Date	**Event**
24 July 2026	The Audit Committee instructed the Company to seek quotations from other audit firms.
27 July 2026	The Audit Committee discussed with KPMG, where KPMG stated that they would not be able to conduct the 2026 audit after due consideration of a number of factors including, among others: • the significantly increased time and effort required to complete the audit due to the expanded scope of work resulting from the Company's recent business expansion, particularly the launch of a new online video platform in Hong Kong; • the substantial increase in manpower and professional resources needed to address the heightened complexity of the audit, including the need for additional technical expertise in areas such as digital content operations, data governance, and compliance with relevant regulatory frameworks; • the alignment of the proposed audit fee with the current market rates and KPMG's internal resource allocation policy, which, in light of the expanded audit scope, was no longer considered sustainable under its existing work schedule and fee structure.
28 July 2026	The Company received quotations from McMillan Woods and another audit firm respectively, and discussed with these two audit firms to assess their capabilities.
30 July 2026	The Company received the resignation letter from KPMG and the Board resolved to appoint McMillan Woods as the new auditor of the Company.

The Company did not consider a change of auditor at the last AGM, given the long-standing relationship with KPMG. However, it was later informed by KPMG in July 2026 that they would not be able to conduct the 2026 audit after due consideration of a number of factors including, among others, the time, manpower, professional resources required to complete the audit, and the level of audit fees for the financial year ended 30 June 2026 under its current work schedule. The Company did not request KPMG to resign, or took any action that caused or contributed to the resignation.

AUDIT FEE

The audit fees proposed by KPMG and another audit firm as mention above were RMB2 million and RMB1.6 million respectively, and the audit fee agreed with McMillan Woods was RMB1.4 million.

The breakdown of McMillan Woods' audit fee is set out below:

Seniority	Proposed number	Proposed working hours
Engagement director	1	50
Engagement quality reviewer	1	30
Technical reviewer	1	30
Audit principal	1	80
Audit manager	1	160
Audit senior	1	130
Audit associate	2	280

The Audit Committee is satisfied that the agreed audit fee with McMillan Woods is commensurate with the extent of audit work required considering the below:

Reasons for the Difference in Audit Fees

The Audit Committee has considered the major factors attributable to such difference. These include: (i) the seniority mix and composition of the engagement teams committed by each firm; (ii) each firm's internal cost structure; and (iii) each firm's respective commercial considerations and capacity planning for the audit timeframe. The Audit Committee is of the view that differences in audit fee quotations among the two firms do not necessarily reflect differences in audit scope or quality, and that such variations may be attributable to a range of firm-specific commercial factors and prevailing market conditions.

Assessment of Commensurability

To ensure that audit quality would not be compromised by the agreed fee level, the Audit Committee has, among other things:

- compared the audit fee quoted by KPMG with that proposed by McMillan Woods and noted that the difference is within a reasonable range, primarily reflecting each firm's internal cost structure and resource mix rather than any significant reduction in audit scope or effort;

- reviewed McMillan Woods' proposed audit plan, audit approach, timetable, staffing and planned man-hours against the size and complexity of the Group's business, and the Audit Committee is of the view that the proposed fee of McMillan is reasonable and commensurate with the operations of the Group; and

- understood from the discussion with McMillan Woods that the agreed audit fee is sufficient for McMillan Woods to allocate appropriate resources and expertise to complete the audit in accordance with the relevant Hong Kong auditing standards and requirements, without compromising audit quality.

Based on the foregoing, the Audit Committee is satisfied that the agreed audit fee of McMillan Woods is commensurate with the size of the Group, the complexity of the Group's business and the extent of audit work required, and that the quality of McMillan Woods' audit will not be compromised by the agreed fee level.

AUDIT COMMITTEE'S ASSESSMENT OF THE NEW AUDITOR

The Audit Committee has considered section 2 of the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council (the "**Guide**") and is satisfied that McMillan Woods is independent, competent and capable to perform a high quality audit after assessing a number of factors including (a) governance and leadership, (b) compliance with relevant ethical requirements, (c) industry knowledge and technical competence, (d) engagement performance, (e) communication and interaction with the Audit Committee, and (f) audit inspection results, as follows:

(a) Governance and Leadership

McMillan Woods has a team consisting of qualified accountants and professional consultants currently serving over 70 listed companies in Hong Kong. It is a member firm of McMillan Woods Global, a global network of independent local and regional firms of recognized qualified accountants and professional advisors, covering over 3,200 people operating over 70 countries and regions.

(b) Compliance with relevant ethical requirements

McMillan Woods has maintained a quality management manual, with reference to the Codes of Ethics for Professional Accountants and Hong Kong Standards of Quality Management issued by the HKICPA, and required all professional staff to comply with. Further, through the independence statements set out in the fee quotation of McMillan Woods, McMillan Woods declares that it is independent of the Company. McMillan Woods possess Hong Kong practicing credentials and qualifications as auditors for Hong Kong listed companies, with no material misconduct on record.

(c) Industry knowledge and technical competence

McMillan Woods' previous or existing clients include a number of listed companies engaged in the media industry, which are similar to the Group.

McMillan Woods has maintained an independent technical department, which is responsible for performing independent review on each listed audit engagement. Concurring review must be completed by audit engagement directors, engagement quality reviewer and the independent technical department before issue of auditor's opinion.

(d) Engagement performance

McMillan Woods proposes to set up a dedicated service team. Its directors and staff possess comprehensive expertise and knowledge in audit, taxation and industry matters, with proven experience in serving listed companies and enterprises across multiple industries. The assigned team have direct access to the information of the listed companies and is also well versed in common accounting and taxation issues faced by enterprises operating in Hong Kong.

McMillan Woods proposes to adopt a structured and flexible audit strategy. The audit process includes the following three key stages:

(i) Planning

In this stage, the auditor identifies potential risks through planning and discussions, clarifies service requirements and finalises a work timetable.

(ii) Conducting audit work

In this stage, the auditor carries out analysis and review, executes comprehensive yearend audit procedures including tests of controls and substantive tests, and discusses audit findings with management team of the Company.

(iii) Finalising audit report

In this stage, the auditor reviews and finalises the financial statements, submits an audit report on key issues within the prescribed time limit.

(e) Communication and interaction with the Audit Committee

McMillan Woods guarantees liaison with the Audit Committee at each stage of the audit where necessary. As part of the two-way communication with the Audit Committee, McMillan Woods will provide an overview of the planned audit scope and preliminary audit timetable. Upon completion of the audit, McMillan Woods will also present the audit findings and discuss with the Audit Committee from time to time during the course of its audit. At this stage, McMillan Woods understands the Company's requirements and expectations clearly at the outset of meetings with the Audit Committee and senior management, including addressing inquiries relating to risks and potential concerns.

(f) Audit inspection results

To facilitate the assessment process for the appointment of the incoming auditor, McMillan Woods presented to the Audit Committee the findings and results of recent AFRC inspections. Improvements in its audit engagements were evidenced by the engagement inspection scores, which improved from ratings of 4 in its previous two inspections to ratings of 3 in the latest inspection, with which the Audit Committee is satisfied.

Having considered the above factors, the Audit Committee is satisfied that McMillan Woods is independent, competent and capable of performing a high-quality audit. The Audit Committee is also satisfied that the agreed audit fee is reasonable and commensurate with the size and level of complexity of the Group's business, and that McMillan Woods proposed audit plan, timetable and committed resources are adequate to complete the 2026 Audit without compromising audit quality.

AUDIT PLAN AND TIMETABLE

McMillan Woods' proposed audit plan and timetable is set out below:

Phase	Estimated Period	Audit Plan
Audit Planning	July – Early August 2026	Perform audit planning
		Conduct preliminary analytical procedures
		Perform risk assessment
		Hold planning meetings with Audit Committee, management and key finance staff
Audit Fieldwork	Early August – September 2026	Understand major operating cycles and internal control environment
		Test the operating effectiveness of key internal controls
		Perform audit procedures on opening balances
		Locations with roll-back procedures
		Execute substantive audit procedures across significant areas
		Maintain ongoing discussion with management
Communication with management and AC on Key Audit Findings	Late September 2026	Review draft financial statements
		Discuss key audit findings with management and the Audit Committee
Publish Results Announcement	Late September 2026	Coordinate with the Company for draft result announcement
Publish Annual Report	October 2026	Final review of annual report

McMillan Woods has confirmed its commitment to fulfilling the proposed audit timetable while maintaining audit quality, by allocating sufficient resources efficiently and ensuring the direct involvement of senior engagement personnel in audit planning, supervision and review, having regard to the nature, scope and complexity of the Group's businesses. McMillan Woods has provided their time budgets and estimated hours for the engagement and is committed to deploying an experienced team comprising one engagement director, one engagement quality reviewer, one technical reviewer, one audit principal, one audit manager, one audit senior, two audit associates and other supporting staff. Having regard to the foregoing, the Audit Committee is satisfied that the proposed audit strategy, audit plan and timetable are reasonable and adequate for McMillan Woods to complete all necessary audit procedures without compromising audit quality, and that McMillan Woods' committed resources are sufficient to support the audit engagement.

EXTRAORDINARY GENERAL MEETING

Pursuant to the articles of association of the Company and the Rules Governing the Listing of Securities on the Stock Exchange, the removal of KPMG and the appointment of McMillan Woods as the Company's auditor ("**Change of Auditor**") are subject to the approval by the Shareholders by way of ordinary resolution. As such, an extraordinary general meeting of the Company ("**EGM**") will be held for the purpose of considering and, if deemed appropriate, approving, the Change of Auditor.

A circular containing further details of the Change of Auditor and the notice of the EGM will be despatched to the Shareholders in due course.

By order of the Board
Litian Pictures Holdings Limited
Xie Taoquan
Chairman

Hong Kong, 20 August 2026

As at the date of this announcement, the Board comprises Mr. Xie Taoquan, Ms. Yu Ping and Ms. Huang Meiyuan as executive directors, and Mr. Liang Jie, Mr. Jing Quanliang and Mr. Chen Tong as independent non-executive directors.