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CTF Media & Entertainment Limited
周大福媒體娛樂有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 1097)

PROPOSED CHANGE OF AUDITOR

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of CTF Media & Entertainment Limited (the "**Company**", together with its subsidiaries and consolidated structured entities, collectively, the "**Group**") pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

PROPOSED CHANGE OF AUDITOR

The Board announces that the Company, upon the recommendation of the audit committee of the Board (the "**Audit Committee**"), proposes to remove PricewaterhouseCoopers ("**PwC**") as the auditor of the Company for the year ending 31 December 2026 (the "**Proposed Removal**") and to appoint Ernst & Young ("**EY**") as the new auditor of the Company for the year ending 31 December 2026 to fill the casual vacancy following the Proposed Removal and to hold office until the conclusion of the next annual general meeting of the Company (together with the Proposed Removal, the "**Proposed Change of Auditor**"). The Proposed Change of Auditor is subject to, among other things, the passing of the relevant resolution(s) by the shareholders of the Company (the "**Shareholders**") at the general meeting to be convened by the Company (the "**GM**").

The Proposed Change of Auditor follows a structured review of the Group's external audit requirements and the Audit Committee's evaluation of the candidates' ability to deliver a high-quality audit appropriate to the Group's evolving business model, financial reporting requirements and associated audit risks. The Audit Committee considered audit quality and overall suitability as the principal determinants, including relevant sector experience, technical competence, proposed engagement team and specialist resources, audit methodology, transition readiness, ability to meet the Company's reporting timetable, independence and ethical requirements, quality management arrangements and communication with the Audit Committee. Fee reasonableness was considered as one component of the overall assessment and was not the determining factor.

BACKGROUND AND REVIEW OF EXTERNAL AUDIT ARRANGEMENTS

In May 2026, management obtained information and proposals from a number of audit firms as part of its ongoing assessment of the Company's external audit arrangements. Following the appointment of a new Chief Financial Officer in July 2026, management undertook a more comprehensive review of the Company's external audit arrangements having regard to the Group's evolving business model, strategic focus and the resulting audit and financial reporting requirements. The review also took into account corporate governance considerations, the desirability of periodically assessing whether the incumbent auditor remained the most suitable fit for the Company's audit requirements, and the fact that PwC has served as auditor of the Company for approximately eight years.

Historically, the Group's principal focus encompassed free television operations through its HOY channels, advertising and multimedia businesses, and broadband, network infrastructure and telecommunications services. In recent years, the Group refined its strategic focus towards content-driven and digital entertainment businesses, including HOY 2.0 and the "Fourth Channel", content development and digital monetisation, intellectual property licensing and distribution, artists and KOL businesses, out-of-home advertising, live entertainment, joint ventures and strategic investments.

In light of these developments, management considered it appropriate to reassess the experience, technical capabilities, resources and audit approach required of the Company's external auditor, particularly in relation to the financial reporting and audit risks associated with businesses spanning media and broadcasting, digital platforms, content and intellectual property, advertising and live entertainment. Management therefore commenced a review of potential audit firms based on a range of qualitative and quantitative criteria, including audit quality, relevant industry experience, technical competence, proposed engagement team and specialist resources, audit methodology, transition readiness, ability to meet the Company's reporting timetable, independence and ethical requirements, quality management arrangements, communication with the Audit Committee and fee reasonableness. The outcome of management's review was subsequently submitted to the Audit Committee for its independent consideration.

As disclosed in the announcement of the Company dated 22 June 2026, the estimated audit fee of PwC for audit services for the year ending 31 December 2026 was in the range of HK$3.2 million to HK$3.6 million (including the fee for interim review, excluding out-of-pocket expenses). The Company and PwC subsequently continued discussions regarding the audit engagement, taking into account matters that could affect the scope of the audit, including evolving business activities, financial reporting requirements and other audit-related considerations. PwC subsequently provided an updated fee proposal of approximately HK$3.3 million based on the then anticipated audit scope and engagement terms. While the proposed audit fee and engagement terms formed part of the factual background, the review process had commenced in July 2026 and reflected a broader assessment of the Group's external audit arrangements, having regard to the Group's evolving business strategy, and audit and financial reporting requirements. As discussed below, the Audit Committee's recommendation was based principally on audit quality, overall suitability and the Group's future audit requirements, with fee reasonableness being one component of the overall assessment.

AUDIT COMMITTEE SELECTION PROCESS AND CRITERIA

The Audit Committee evaluated the candidates having regard principally to their ability to perform a high-quality audit appropriate to the Group's evolving business model and associated financial reporting and audit risks. In conducting its assessment, the Audit Committee had regard to Section 2 of the Guidelines for Effective Audit Committees — Selection, Appointment and Reappointment of Auditors (the "**AFRC Guidelines**") and the Guidance Notes on Change of Auditors (the "**AFRC Guidance Notes**") issued by the Accounting and Financial Reporting Council (the "**AFRC**").

The Audit Committee's assessment covered the following principal audit-quality considerations (including, but not limited to, those set out in the AFRC Guidelines and the AFRC Guidance Notes): (i) governance and leadership; (ii) compliance with relevant ethical and independence requirements; (iii) industry knowledge and technical competence; (iv) engagement performance, including team composition, resources, methodology and professional scepticism; (v) communication and interaction with the Audit Committee; and (vi) monitoring and quality management processes. The Audit Committee separately considered whether the proposed fee was commensurate with the required audit scope, senior involvement, specialist resources and timetable and would not compromise audit quality.

WHY EY WAS ASSESSED AS THE MOST SUITABLE CANDIDATE

Following its evaluation, the Audit Committee considered EY to be the most suitable candidate based on the overall quality and suitability of its proposal. The Audit Committee's assessment is summarised below:

(i) Governance and leadership

The Audit Committee reviewed EY's leadership accountability, organisational structure, and quality management policies. The Audit Committee noted that EY maintains a structured leadership and governance framework that prioritises audit quality, professional scepticism, and an ethical culture across its firm. EY has established and maintains a system of quality management in accordance with Hong Kong Standard on Quality Management 1 ("**HKSQM 1**"), which assigns clear leadership responsibilities for audit quality and provides operational oversight across its practice. Having reviewed these arrangements, the Audit Committee is satisfied that EY has appropriate governance and leadership in place to support the delivery of a high-quality audit.

(ii) Compliance with relevant ethical requirements

The Audit Committee evaluated EY's independence and ethical compliance procedures and noted that EY maintains policies and safeguards designed to identify, evaluate and address potential independence threats. EY has formally confirmed to the Audit Committee that it is independent of the Group in accordance with the independence requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. EY further confirmed that no non-audit services have been provided to the Group that would impair its independence as

statutory auditor and that any future non-audit engagements will be subject to prior review and pre-approval by the Audit Committee under the Company's auditor independence policy.

The Audit Committee is satisfied that EY complies with the applicable ethical and independence requirements and is capable of maintaining its independence and objectivity throughout the engagement.

(iii) Industry knowledge and technical competence

The Audit Committee reviewed EY's sector track record and the qualifications and proposed composition of the audit engagement team. EY has extensive experience auditing listed issuers and large enterprises engaged in media, broadcasting, content businesses, streaming and digital platforms, advertising and live entertainment businesses. The proposed lead engagement partner possesses over 30 years of audit experience in Hong Kong, including more than 20 years as an assurance partner specialising in the technology, media and entertainment and telecommunications sector. The proposed team also includes senior professionals with relevant industry experience and access to specialist resources in areas including information technology, valuation and taxation.

Having considered EY's sector track record, professional qualifications, proposed engagement team structure and specialist support, the Audit Committee is satisfied that EY possesses the industry knowledge and technical competence necessary to address the financial reporting and audit risks arising from the Group's evolving business model and to perform a high-quality audit for the Company.

(iv) Audit approach, engagement performance and resources

The Audit Committee reviewed EY's proposed audit approach, including its risk assessment, group audit planning, use of technology-enabled audit tools and data analytics, proposed involvement of senior team members and specialists, and arrangements for direction, supervision and review. EY has confirmed that it has sufficient personnel, specialist resources and operational readiness to perform the annual audit within the Company's reporting timetable while maintaining appropriate professional judgement, professional scepticism and quality control procedures.

The Audit Committee considered that EY's proposed audit approach and resource model were appropriately aligned with the Group's audit requirements, including the need to address significant estimates and disclosures, information systems and controls, valuation and taxation matters, and the financial reporting implications of the Group's content-driven and digital entertainment activities.

(v) Transition readiness and reporting timetable

A significant factor in the Audit Committee's assessment was EY's demonstrated transition readiness and ability to deploy the proposed engagement team and specialist resources promptly. EY has completed preliminary transition mobilisation procedures and proposed the following transition and audit execution timetable for the year ending 31 December 2026:

Period (Stage)	Audit Phase and Key Scope of Work
November 2026 (Planning and risk assessment)	• Initiate predecessor auditor communication • Agree group audit scope, materiality and timetable • Update risk assessment • Commence systems and controls walkthroughs
December 2026 (Pre-year-end procedures)	• Perform opening audit procedures • Perform pre-final audit procedures to validate key risks and controls • Address potential issues at an early stage • Update management and the Audit Committee on accounting and auditing matters
January to February 2027 (Year-end audit execution)	• Complete fieldwork and substantive testing • Evaluate significant estimates and disclosures • Track and resolve outstanding matters
By March 2027 (Completion and reporting)	• Complete closing procedures and Audit Committee reporting • Finalise the review of financial statements • Finalise the auditor's report for announcement

Having considered EY's transition arrangements, proposed audit plan, staffing structure, resource commitment and audit timetable, the Audit Committee is satisfied that EY has sufficient capabilities, expertise and time commitment to complete the audit in accordance with the Company's reporting timetable without compromising audit quality.

(vi) Communication and interaction with the Audit Committee

The Audit Committee reviewed EY's proposed communication framework and reporting protocols. EY has proposed direct and transparent communication with the Audit Committee, incorporating formal milestone meetings for planning, pre-year-end review and final audit completion together with regular operational updates. EY has committed to bringing significant accounting, financial reporting, auditing and internal control matters to the attention of the Audit Committee on a timely basis. The Audit Committee considers that these communication arrangements will facilitate effective oversight of the audit process and timely consideration of significant matters.

(vii) Monitoring and quality management process

The Audit Committee considered EY's quality management framework, monitoring systems and regulatory compliance history. The Audit Committee noted that EY maintains a system of quality management in accordance with HKSQM 1, incorporating ongoing monitoring and engagement quality review procedures in accordance with applicable professional standards. The Audit Committee also considered EY's regulatory inspection record with the AFRC and other relevant audit oversight bodies. Having considered EY's quality management framework, engagement quality review procedures, internal monitoring arrangements and regulatory oversight, the Audit Committee is satisfied that EY maintains an appropriate system of quality management to support the delivery of a high-quality audit.

Having considered the above factors collectively, the Audit Committee concluded that EY's proposed engagement team, relevant sector experience, technical and specialist resources, audit methodology, transition preparedness, independence, communication arrangements and quality management framework were well aligned with the Company's audit requirements and positioned EY to deliver a high-quality audit within the Company's reporting timetable.

ASSESSMENT OF AUDIT FEE

As part of its overall assessment, the Audit Committee considered EY's proposed audit fee of approximately HK$2.3 million for the audit and related services for the year ending 31 December 2026 (excluding the interim review for the corresponding year).

Given that the proposed fee is lower than the fee proposed by PwC, the Audit Committee specifically considered whether EY's proposed fee would provide for sufficient engagement partner and senior team involvement, specialist resources, audit scope and other resources required to perform a high-quality audit. The Audit Committee reviewed EY's proposed audit scope, methodology, engagement team structure, resource commitment and timetable.

Having considered these factors, the Audit Committee is satisfied that the proposed fee is commensurate with the proposed audit scope and resources and will not compromise the scope or quality of the audit. The Audit Committee's recommendation was principally based on its assessment of audit quality and EY's overall suitability having regard to the Group's audit requirements. Fee reasonableness was one element of that overall assessment and was not the determining factor.

CHRONOLOGY OF THE REVIEW AND DECISION-MAKING PROCESS

A chronology of the key events leading to the Proposed Change of Auditor is set out below:

Date	Event
May 2026	Management obtained proposals from PwC and three other audit firms for comparison across the Company's audit requirements. The indicative fee proposals from the other firms ranged from approximately HK$3.5 million to HK$5.3 million.

Date	Event
23 June 2026	PwC was re-appointed as auditor of the Company at the annual general meeting of the Company held on 23 June 2026. The estimated audit fee for audit services for the year ending 31 December 2026 was expected to be within the range of approximately HK$3.2 million to HK$3.6 million (including the fee for interim review).
July 2026	Following the appointment of the new Chief Financial Officer, management commenced a comprehensive review of the Group's financial reporting processes, audit requirements and external audit arrangements.
3 to 18 August 2026	Management continued discussions with the audit firms regarding the Company's audit requirements and proposals. Following such discussions, only EY submitted a revised fee proposal of approximately HK$2.3 million (excluding the interim review for the corresponding year) on 7 August 2026.
24 August 2026	The Audit Committee reviewed the Group's evolving audit requirements and external audit arrangements and requested management to conduct a structured assessment of the potential auditors for its consideration.
14 October 2026	Management obtained updated proposals and/or information from PwC, EY and another audit firm covering, among other things, proposed audit approach, engagement resources, relevant experience, transition arrangements, quality management and fees. PwC provided a revised fee proposal of approximately HK$3.3 million.
20 October 2026	Management submitted its auditor assessment to the Audit Committee. EY was identified as the leading candidate having regard to the overall quality and suitability of its proposal, including sector expertise, proposed engagement team, transition readiness, audit methodology, quality management arrangements and fee reasonableness.
22 October 2026	Following its comprehensive evaluation, the Audit Committee determined that EY was the most suitable candidate and recommended the Board to propose the Proposed Change of Auditor subject to approval by the Shareholders.
30 October 2026	The Board considered the Audit Committee's recommendation and resolved to propose the Proposed Change of Auditor subject to approval by the Shareholders.
30 October 2026 to 10 November 2026	The Company informed PwC of the Board's decision and communicated with PwC and EY on the arrangement for the Proposed Change of Auditor.

Date	Event
11 November 2026	The Company formally notified PwC of the Board's decision to propose the Proposed Removal subject to approval by the Shareholders, and received a termination letter from PwC. EY also received a clearance letter from PwC.

RECOMMENDATION OF THE AUDIT COMMITTEE AND THE BOARD

The Audit Committee considered that both PwC and EY are internationally recognised accounting firms with substantial professional capabilities, resources and quality management systems. Its recommendation was not based solely on audit fees but was made following a structured assessment. The Audit Committee considered EY to be the most suitable candidate based principally on audit quality and overall suitability for the Group's audit requirements.

In particular, the Audit Committee considered that EY's relevant experience across media, broadcasting, content businesses, streaming and digital platforms, advertising, music and live entertainment; the experience and composition of its proposed engagement team; access to specialist resources; proposed audit methodology; transition readiness; independence; communication arrangements; and quality management framework would support an audit approach responsive to the Group's evolving financial reporting and audit risks.

The Audit Committee also satisfied itself that EY's proposed audit fee is commensurate with the proposed scope and resources and will not compromise audit quality. Taking all relevant factors into account, the Audit Committee considers that the Proposed Change of Auditor is in the interests of the Company and the Shareholders as a whole. Accordingly, the Audit Committee recommended, and the Board has resolved to propose the Proposed Change of Auditor subject to approval by the Shareholders.

As at the date of this announcement, PwC has not commenced substantive audit fieldwork in relation to the annual audit of the consolidated financial statements of the Group for the year ending 31 December 2026. The Board therefore believes that the Proposed Change of Auditor will not have any material impact on the audit of the Group for the year ending 31 December 2026 or the publication of the annual results of the Group for such year.

The Company has received a termination letter dated 11 November 2026 from PwC confirming that, apart from the circumstances which are also set out in this announcement, there are no circumstances in connection with the Proposed Removal which PwC considers should be brought to the attention of the members or creditors of the Company. EY also received a clearance letter dated 11 November 2026 from PwC confirming that save for the matters set out in the termination letter, they know of no professional or other reason why EY should not accept the appointment as the auditor of the Company.

The Board and the Audit Committee confirm that, save as disclosed in this announcement, there are no disagreements or unresolved matters between the Company and PwC and there are no matters in connection with the Proposed Change of Auditor that need to be brought to the attention of the Shareholders.

GENERAL MEETING

The GM will be convened at which the resolution in relation to the Proposed Change of Auditor will be put forward for the Shareholders to consider. A circular containing, among other things, further information relating to the Proposed Change of Auditor, together with a notice convening the GM, will be despatched to the Shareholders in due course.

By Order of the Board
CTF Media & Entertainment Limited
Wong Nga Fan
Chief Executive Officer and Executive Director

Hong Kong, 11 November 2026

As at the date of this announcement, the Board comprises ten Directors, namely Dr. Cheng Kar-Shun, Henry (Chairman) as non-executive Director; Mr. Tsang On Yip, Patrick (Vice-chairman), Ms. Wong Nga Fan (Chief Executive Officer), Dr. Luk Wai Ki Elvis, Mr. Darren Raymond Shaw and Mr. Chang Tat Joel as executive Directors; and Mr. Lam Kin Fung Jeffrey, Prof. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.