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Sijia Group Company Limited

思嘉集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1863)

PROPOSED CHANGE OF AUDITORS

The Board announces that EY shall, subject to the approval of the Shareholders at the EGM, be removed as the auditors of the Group. The Board further announces that it had approached SHINEWING who is considering the acceptance of appointment as auditors of the Group for the year ended 31 December 2012. Subject to the approval by the Shareholders at the EGM, SHINEWING shall be appointed as auditors of the Group to fill the vacancy following the removal of EY and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

A circular containing certain information on the removal of EY and the appointment of SHINEWING as the new auditors of the Group together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

The board (the “**Board**”) of directors (the “**Directors**”) of Sijia Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that as the Company and Ernst & Young (“**EY**”) have not been able to reach an agreement in relation to the additional audit procedures required by EY for the financial year ended 31 December 2012 and EY’s proposed increase in audit fee, the Company shall, subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company (the “**EGM**”), remove EY as the auditors of the Group and appoint SHINEWING (HK) CPA Limited (“**SHINEWING**”) as the new auditors of the Group in place of EY, which shall hold office until the conclusion of the forthcoming annual general meeting of the Company.

SHINEWING had informed the Board that before the completion of SHINEWING's client acceptance procedures, SHINEWING did not and will not commence the audit of the Group's consolidated financial statements for the year ended 31 December 2012.

SHINEWING's client acceptance procedures, which are in accordance with applicable professional requirements include, but are not limited to, the following:

- a. the satisfactory result of the independent third party investigation in respect of the Observations (as defined below);
- b. the matters raised by EY in its professional clearance letter dated 8 February 2013 have been resolved to SHINEWING's satisfaction; and
- c. the satisfactory result of any additional pre-acceptance procedures SHINEWING considers essential and necessary for the Observations (as defined below).

MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS

During the performance of the pre-final audit of the Group for the year ended 31 December 2012 conducted by EY, EY observed certain inconsistencies (the "**Observations**") and in view of them, EY requested to conduct certain additional procedures in auditing the 2012 financial statements of the Company which inevitably involve more time and resources, and therefore an increase in the audit fee. EY also required the Company to carry out an independent third party investigation in addressing the Observations before its issuance of the auditor's report. The Board does not agree with the requirement of having an independent third party investigation as a pre-condition of the issuance of the auditors' report and the proposed increase in audit fee. In light of the time constraint on the issuance of annual report, the Board decided to change the auditors of the Company.

In respect of the Observations, the Board wishes to clarify as follows:

- (i) in view of the serious nature of the Observations, the Board has looked into the matter promptly and based on the information and documents provided to the chairman of the audit committee of the Company (the "**Audit Committee**"), the Company issued a reply letter to EY dated 26 November 2012 with the explanations and the supporting documents attached thereto;

- (ii) on 5 December 2012, a full Board meeting was held at which the Observations were thoroughly discussed and a further reply to the Audit Committee dated 11 December 2012 was copied to EY with further supporting evidence which served to address the Observations;
- (iii) the Board considers the explanations and documents as mentioned in (i) and (ii) above are sufficient in addressing the Observations.

For the sake of good corporate governance and for the interests of the Shareholders, the Board has initiated an independent third party investigation to look into the Observations. The Board will consider the advice from such third party to further enhance the Group's internal control.

To the best of the Director's knowledge, save as disclosed above, there are no circumstances in respect of the proposed change of auditors which should be brought to the attention of the Shareholders.

A circular containing certain information on the removal of EY and the appointment of SHINEWING as the new auditors of the Group together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

The Board would like to take this opportunity to express a sincere appreciation to EY for its professional services and support rendered to the Company in the past years.

By Order of the Board
Sijia Group Company Limited
Lin Shengxiong
Executive Director

8 February 2013, Hong Kong

As at the date of this announcement, the executive Directors are Mr. Lin Shengxiong, Mr. Zhang Hongwang and Mr. Huang Wanneng, and the independent non-executive Directors are Mr. Chong Chi Wah, Mr. Cai Weican and Mr. Wu Jianhua.