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**FUGUINIAO CO., LTD.**

**富貴鳥股份有限公司**

*(a joint stock company established in the People's Republic of China with limited liability)*  
**(Stock Code: 1819)**

**(1) CHANGE OF AUDITOR;  
(2) ESTABLISHMENT OF SPECIAL COMMITTEE;  
AND  
(3) DELAY IN PUBLICATION OF THE ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Reference is made to the announcement of Fuguiniao Co., Ltd. (the “**Company**”) dated 31 August 2016 in relation to the postponement of the meeting of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company for the purposes of, among other things, approving the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Interim Results**”), the delay in publication of the announcement in respect of the Interim Results, and the suspension of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

**CHANGE OF AUDITOR**

The Board announces that the Company received a letter of resignation dated 17 March 2017 from KPMG (the “**Resignation Letter**”), pursuant to which KPMG has resigned as auditor of the Company with effect from 17 March 2017. KPMG stated the following in the Resignation Letter:

- (a) in the course of the interim review for the six months ended 30 June 2016, KPMG noted that it appeared from the information arising for the first time that a subsidiary of the Company may have provided a guarantee in respect of a loan borrowed by a connected person of the Company by pledging its deposits to the relevant bank. KPMG advised the Company to perform an investigation into the said matter. While the Company has appointed a consulting firm to perform the investigation on its behalf, despite repeated requests by KPMG to management of the Company, the Company did not provide KPMG with a copy of the report issued by the said consulting firm or, the relevant

documents and information so that it can determine the importance or relevance of the said matter. If it proved to be correct, this information was not consistent with the prior information that KPMG has received from the management of the Company. KPMG was then asked by the Company not to continue with its review of the consolidated interim financial report of the Group for the six months ended 30 June 2016. This review therefore remains incomplete.

- (b) KPMG has been asked by members of the management team to offer its resignation from its position as auditors of the Company prior to its receipt of the letter dated 21 November 2016 from the Company which refers to a requisition for certain resolutions, including the removal of KPMG as auditors as set out in the Company's announcement dated 22 November 2016.
- (c) On 10 February 2017, KPMG were informed by management of the Company that as part of its resumption plan to The Stock Exchange of Hong Kong Limited, the Company would resume to engage KPMG to perform the review of the consolidated interim financial report of the Group for the six months ended 30 June 2016, and the audit of the consolidated financial statements of the Group for the year ended 31 December 2016. The Company also advised, amongst others, that they would engage another independent third party to perform an independent investigation on certain guarantee(s) for related/connected party(ies) and to conduct a review of and make recommendation to improve the Company's internal control system.
- (d) Since 10 February 2017 and despite repeated requests by KPMG to management of the Company to provide the relevant documents and information for the review and audit, the Company has not provided any documents or information. In addition, the Company and KPMG were not able to reach a consensus on the fee for the review of the consolidated interim financial report of the Group for the six months ended 30 June 2016 and the audit of the consolidated financial statements of the Group for the year ended 31 December 2016.
- (e) KPMG is concerned from the above that there are unresolved matters which may be relevant to the financial statements of the Company and could be relevant to the holders of securities of the Company. KPMG have been unable to fully explore and reach a conclusion as to its implications for the reasons set out above.

Pursuant to article 229 of the articles of association of the Company, the Board has resolved to appoint ZHONGHUI ANDA CPA Limited as the statutory auditors of the Company (the "**Proposed Appointment**") with effect from 24 March 2017 to fill the casual vacancy following the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company.

The Board would like to express its appreciation for the services of KPMG provided to the Company during their tenure of office.

## **ESTABLISHMENT OF SPECIAL COMMITTEE**

The Board announces that it has established a special committee of the Board (the “**Special Committee**”) on 24 March 2017, which currently comprises of four independent non-executive Directors, namely Mr. Wang Zhiqiang (chairman), Ms. Long Xiaoning, Ms. Chan Wah Man, Carman and Mr. Cheung Ming Hung, and one executive Director, namely Mr. Lam Wo Sze, to handle matters relating to the resumption of trading in the H shares of the Company on the Stock Exchange.

## **DELAY IN PUBLICATION OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016**

As the Board has yet to approve the interim results for the six months ended 30 June 2016, the Company is unable to prepare and publish the audited annual results for the year ended 31 December 2016 on or before 31 March 2017.

With the appointment of ZHONGHUI ANDA CPA Limited as the statutory auditors of the Company, the Board will use its best endeavours to work closely with the auditors to finalise and complete the audit of the financial statements for the year ended 31 December 2016. Further announcement will be published as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the H shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2016. Trading in the H shares of the Company will remain suspended until further notice.

By order of the Board of  
**Fuguiniao Co., Ltd.**  
**Lam Wo Ping**  
*Chairman*

Hong Kong, 11 April 2017

*As at the date of this announcement, the executive Directors are Mr. Lam Wo Ping, Mr. Lam Wing Ho, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Hong Huihuang; and the independent non-executive Directors are Mr. Wang Zhiqiang, Ms. Long Xiaoning, Ms. Chan Wah Man, Carman and Mr. Cheung Ming Hung.*