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## **CHINA SAITE GROUP COMPANY LIMITED**

**中國賽特集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 153)**

### **CHANGE OF AUDITOR**

This announcement is made by China Saite Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **CHANGE OF AUDITOR**

The board of directors of the Company (the “**Board**”) hereby announces that Ascenda Cachet CPA Limited (“**Ascenda Cachet**”) has tendered its resignation as the auditor of the Company with effect from 19 November 2020.

The Board further announces that it has resolved, with the recommendation of the audit committee of the Company (the “**Audit Committee**”), to appoint McMillan Woods (Hong Kong) CPA Limited as the new auditor of the Company with effect from 19 November 2020 to fill the vacancy following the resignation of Ascenda Cachet and to hold office until the conclusion of the next annual general meeting of the Company.

#### **MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS**

In the letter of resignation received from Ascenda Cachet dated 19 November 2020, Ascenda Cachet stated that, among others, in reaching its decision, it had considered a number of factors, including the professional risk associated with the audit, the level of audit fees and the internal resources available.

In reaching its decision, Ascenda Cachet had considered the following factors:

1. The matters mentioned in the resignation letter dated 19 June 2020 issued by Crowe (HK) CPA Limited, the former auditor of the Company, in particular the unrecorded litigations, borrowings and guarantees in relation to certain subsidiaries of the Company in the People's Republic of China (“**PRC**”) and their impacts on the financial statements of the Company for the years ended 31 December 2018 and 2019.
2. The contents of the announcements of the Company published on 31 July 2019, 22 September 2019, 15 November 2019, 30 March 2020, 8 September 2020, 23 October 2020 and 16 November 2020, in particular in relation to the litigations and the winding-up petitions lodged against the Company arising from the Company's corporate bonds and their impacts on the financial statements of the Company for the years ended 31 December 2018 and 2019.

In addition to the aforesaid, there are other outstanding audit matters (the “**Outstanding Matters**”) pertaining to Ascenda Cachet's audit works for the 2019 annual audit, including but not limited to:

1. Assessing the completeness of the information related to the borrowings, external guarantees, litigations and contingent liabilities and their impact on the financial statements of the Company for the years ended 31 December 2018 and 2019;
2. Assessing the completeness of the information related to the winding-up petition and its impact on the financial statements of the Company for the years ended 31 December 2018 and 2019;
3. Assessing the completeness of the financial records of the Company and certain subsidiaries established outside the PRC, particularly in relation to the corporate bonds of the Company, and its impacts on the financial statements of the Company for the years ended 31 December 2018 and 2019;
4. Assessing the viability of the assumption that the Company operates as a going concern;
5. Obtaining audit confirmations from certain banks, creditors and debtors;
6. Conducting audit interviews with certain major customers and suppliers of the Company;
7. Reviewing the findings of internal control review and independent investigation reports on the borrowings, external guarantees, litigations and contingent liabilities, winding-up petitions and corporate bonds of the Company; and
8. Reviewing the Company's estimation of the impairment of expected credit losses for trade receivables and retention receivables from construction contracts.

Ascenda Cachet stated that in view of the above matters, having consideration of the audit evidence available, their internal resources and compliance matters, they are unable to meet the Company's plan to complete the audit for the year ended 31 December 2019 by the end of December 2020.

In addition, on 12 November 2020, Ascenda Cachet issued a letter to the Company requesting for an adjustment to the audit fees in light of the Outstanding Matters and estimated workload. The Company and Ascenda Cachet could not reach an agreement on the level of such fees.

The Company would like to inform its shareholders that the management and the Audit Committee have been working diligently to resolve the Outstanding Matters.

The Board and the Audit Committee confirms that save for the aforesaid, there are no other matters in respect of the resignation of Ascenda Cachet as the auditor of the Company that needs to be brought to the attention of the shareholders of the Company.

### **CONTINUED SUSPENSION OF TRADING**

Pending the fulfilment of the Stock Exchange's resumption guidance, the trading in the shares of the Company will continue to be suspended until further notice.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**China Saite Group Company Limited**  
**Jiang Jianqiang**  
*Chairman*

Hong Kong, 19 November 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Jiang Jianqiang, Mr. Shao Xiaoqiang, Mr. Xu Fanghua, Mr. Liu Zhibo and Mr. Hua Gang; and the independent non-executive directors are Mr. Xu Jiaming, Mr. Yan Hualin, Mr. Wu Zhongxian, Mr. Choi Ho Yan and Mr. Siu Siu Ling.*