

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

RESIGNATION OF AUDITOR

This announcement is made by China Saite Group Company Limited (the “**Company**”, together with its subsidiaries, collectively as the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”) has tendered its resignation as the auditor of the Company with effect from 3 June 2021.

In the letter of resignation received from McMillan Woods dated 3 June 2021, McMillan Woods stated that, among others, in considering whether they should continue to act as the auditor of the Company, it had considered a number of factors including, among others, the level of audit fees, the internal resources available in light of the current work flow and the professional risk associated with the audit.

McMillan Woods had also considered the following factors:

1. The matters mentioned in the resignation letter dated 19 November 2020 issued by Ascenda Cachet 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 (the “**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 14 July 2019, 31 July 2019, 22 September 2019, 15 November 2019, 30 March 2020, 8 September 2020, 23 October 2020, 16 November 2020, 2 December 2020, 11 December 2020, 28 December 2020, 22 January 2021, 26 March 2021, 30 March 2021 and 7 May 2021, 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, 2019 and 2020.

In addition to the aforesaid, there are other outstanding audit matters (the “**Outstanding Matters**”) that were unresolved 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, 2019 and 2020;
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, 2019 and 2020;
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, 2019 and 2020;
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 to be performed by third party of professionals 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.

Having considered the above Outstanding Matters after various communications with the management and the members of the audit committee (the “**Audit Committee**”) of the Company, they are unable to meet the Company's plan to complete the audits of the Group's financial statements for the years ended 31 December 2019 and 2020 before 15 June 2021.

McMillan Woods has confirmed in its resignation letter to the Company that, from McMillan Woods' perspective, there is no matter of disagreement between the Company and themselves and there are no other matters in connection with its resignation that need to be brought to the attention of the shareholders (the “**Shareholders**”) of the Company. The Board and the Audit Committee confirm that save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in respect of the resignation of auditor of the Company.

The Board is in the process of identifying a new auditor to fill the casual vacancy following the resignation of McMillan Woods. Further announcement in relation to the appointment of the Company's new auditor will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board would like to take this opportunity to express its sincere gratitude to McMillan Woods for their services rendered to the Company in the past.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect since 22 June 2020 and will continue to be suspended until further notice.

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

Hong Kong, 3 June 2021

As at the date of this announcement, the executive Directors 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, Robert.