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Canggang Railway Limited

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2169)

CHANGE OF AUDITORS

This announcement is made by Canggang Railway Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to 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**”).

RESIGNATION OF AUDITOR

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that KPMG has resigned as the auditor of the Company with effect from 31 October 2024 as KPMG and the Company could not reach a consensus on the auditors’ remuneration in respect of the audit of the Group’s consolidated financial statements for the year ending 31 December 2024 (the “**2024 Audit**”).

The audit committee of the Company (the “**Audit Committee**”) has obtained and reviewed audit fee proposals provided by KPMG and another professional accounting firms regarding the 2024 Audit and considered that the audit fee proposal provided by the other professional accounting firms to be more competitive. Upon notification of the Board’s conclusion on the selection of the Company’s auditor for the 2024 Audit, the Board has received a letter of resignation from KPMG with effect from 31 October 2024. Save for the resignation reason as disclosed above, KPMG has advised that there are no other matters or circumstances in connection with its resignation that should be brought to the attention of the Board.

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board, there is no requirement under the laws of the Cayman Islands for the resigning auditor to confirm whether or not there is any matter or circumstance connected with their resignation which they consider should be brought to the attention of the shareholders of the Company (the “**Shareholders**”). The Board therefore acknowledged that KPMG has not issued such confirmation.

The Board and the Audit Committee confirmed that, except for the auditors’ remuneration for the 2024 Audit as aforesaid, there are no disagreements or unresolved matters between KPMG and the Company, and there are no other matters or circumstances in relation to the resignation of KPMG that need to be brought to the attention of the Shareholders. The Board believes that the change of auditors will not have any impact on the 2024 Audit.

The Board would like to take this opportunity to express its sincere gratitude to KPMG for its professional services and support rendered to the Group in the past years.

APPOINTMENT OF AUDITOR

The Board, with the recommendation of the Audit Committee, has resolved to appoint HLB Hodgson Impey Cheng Limited (“**HLB**”) as the new auditor of the Company with effect from 31 October 2024 to fill the casual vacancy following the resignation of KPMG. HLB should hold office until the conclusion of the next annual general meeting of the Company.

The Audit Committee has considered a number of factors in assessing the appointment of HLB as the new auditor of the Company, including but not limited to (i) its market reputation and track record; (ii) its independence from the Group and objectivity; (iii) its audit proposal, including audit fee; (iv) its resources allocation, quality and capabilities including manpower, expertise and time allocation; (v) its experience, industry knowledge and technical competence in providing audit work for companies listed on the Stock Exchange; (vi) the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council (“**AFRC**”, formerly known as Financial Reporting Council) in December 2021; and (vii) the Guidance Notes on Change of Auditors published by the AFRC in September 2023.

Based on the above, the Audit Committee has assessed and considered HLB is eligible and suitable to act as the auditor of the Company. The Board and the Audit Committee are of the view that the change of auditors would enhance the cost effectiveness and efficiency of the Company’s annual audit and is in the interests of the Company and the Shareholders as a whole. The Board and the Audit Committee have confirmed that there are no other matters in respect of the proposed change of auditors that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to extend its warm welcome to HLB on its appointment as the new auditor of the Company.

By order of the Board
Canggang Railway Limited
Liu Yongliang
Chairman

Hong Kong, 31 October 2024

As at the date of this announcement, the Board comprises Mr. Liu Yongliang and Mr. Yi Weiming as the executive Directors; Mr. Xu Zhihua and Mr. Qin Shaobo as the non-executive Directors; and Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua as the independent non-executive Directors.