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China Shuifa Singyes New Materials Holdings Limited **中國水發興業新材料控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 8073)

PROPOSED CHANGE OF AUDITOR

This announcement is made by China Shuifa Singyes New Materials Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.50(4) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces that the Board has, with the recommendation of the audit committee of the Company (the “**Audit Committee**”), resolved to (i) remove Rongcheng (Hong Kong) CPA Limited (“**Rongcheng**”) as the auditor of the Company (the “**Proposed Removal**”); and (ii) propose Ernst & Young (“**EY**”) for appointment as the new auditor of the Company for the year ending 31 December 2026 (the “**Proposed Appointment**”, together with the Proposed Removal, the “**Proposed Change of Auditor**”) to fill the casual vacancy following the Proposed Removal and to hold office until the conclusion of the next annual general meeting of the Company.

The Proposed Removal and Proposed Appointment are subject to the approval of the shareholders of the Company (the “**Shareholders**”) by way of extraordinary resolution and ordinary resolution, respectively, at a special general meeting to be convened and held by the Company (the “**SGM**”).

PROPOSED REMOVAL OF AUDITOR

At the last annual general meeting of the Company held on 30 June 2026, Rongcheng was re-appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

It is part of the Company’s corporate governance practice to review (with the assistance of the Audit Committee) the engagement arrangements in connection with its auditor from time to time, which includes an assessment of whether the existing engagement of auditor and audit arrangement represent an efficient arrangement for the Group.

In order to stay aligned with China Shuifa Singyes Energy Holdings Limited (“**Shuifa Singyes Energy**”, the holding company of the Company) and to enjoy the benefits set out in the section headed “Proposed Appointment of Auditor” below, the Company intends to change its auditor. Moreover, the Company and the Audit Committee consider that the appointment of an auditor with a strong global connection, extensive international experience and exceptional technical expertise would be in line with the Group’s business needs.

Rongcheng has confirmed in a letter to the Company that (i) there are no circumstances connected with its termination as auditor of the Company that need to be brought to the attention of the holders of securities of the Company; and (ii) no audit engagement letter for the audit to the year ending 31 December 2026 has been executed, and no audit procedures, no audit fieldwork and no audit reporting work have been performed by it.

The Board and the Audit Committee confirm that there is no disagreement between Rongcheng and the Company, and there are no other matters in relation to the Proposed Removal that need to be brought to the attention of the Shareholders. It is expected that the Proposed Change of Auditor will not have any significant impact on the annual audit of the Group for the year ending 31 December 2026.

The Board would like to express its sincere gratitude to Rongcheng for its professional services and support rendered in the past.

PROPOSED APPOINTMENT OF AUDITOR

EY has been proposed for appointment as the auditor of Shuifa Singyes Energy, a controlling shareholder and holding company of the Company. The Board and the Audit Committee are of the view that the appointment of EY as the new auditor of the Company will align the audit arrangements of the Company with those of its holding company, which will maintain the synergy and efficiency of the audit work of the Group and cost effectiveness, and hence is in the interests of the Company and the Shareholders as a whole.

Assessment of audit quality

The Audit Committee has assessed the Proposed Appointment of EY as auditor and considered that EY is qualified and suitable to serve as the auditor of the Company based on (i) its audit plan; (ii) its experience, industry knowledge and technical qualifications in providing audit services to companies listed on the Stock Exchange and companies with similar businesses or in similar industries as the Group; (iii) its independence and objectivity; (iv) its reputation in the market; and (v) its resources and capabilities (including the professionalism and time commitment of the audit team). The Audit Committee has taken into account the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors and the Guidance Notes on Change of Auditors published by the Accounting and Financial Reporting Council (the “**AFRC**”) and other guidance documents issued by the AFRC and the Stock Exchange, including, amongst others, the following factors in assessing the quality of audit services to be provided by EY:

(a) Profile and background

EY has been established in Hong Kong for more than 45 years with network firms covering over 150 countries and over 403,000 staff globally.

EY is one of the big four international accounting firms, with the scale and capability to provide high-standard audit services, and is serving as the auditor for more than 400 companies listed on the Stock Exchange.

(b) Industry experience and knowledge of the engagement partner and team members

The audit team possesses extensive experience in auditing state-owned enterprises, which is highly compatible with the Company's operational features and background.

The Company understands that EY has assigned a team of professional accountants comprising not less than 10 members led by the engagement partner, together with not less than four (4) qualified professional accountants (one of whom being an engagement quality reviewer). The engagement partner and engagement quality reviewer are both registered responsible persons for public interest entity engagement with the AFRC. The audit engagement team is also supported by specialist teams in technical disciplines such as information technology and tax.

(c) Experience in audit work involving listed companies

EY's audit team has a strong track record and extensive experience in providing professional audit services to issuers listed in Hong Kong. EY has been serving as the auditor of more than 400 companies listed on the Stock Exchange. EY's audit team has extensive experience in handling audits of Hong Kong listed companies with cross-border operational structure, and is familiar with the regulatory and financial disclosure requirements of the capital market in Hong Kong.

The engagement partner and the audit team of EY have sufficient experience in handling audit assignments of listed companies in Hong Kong of similar scale, complexity and nature as compared to the Company.

(d) Industry experience in the Group's businesses

EY's audit team has abundant experience in providing audit services to listed clients across multiple disciplines. In particular, EY's audit team has been providing audit services to listed companies in the manufacturing sector (being the Group's principal business area). The Audit Committee considers that, in view of the Group's business nature and operations, EY has sufficient experience in conducting audit for companies in the manufacturing sector, and its audit services would be a good fit for the needs of the Company.

(e) Resources arrangements

With reference to the preliminary audit plan (including human resources allocation and time commitments) prepared by EY, and having considered the scope, nature, amount and complexity of audit work in respect of the Group with reference to the Group's operations and future business plans, the Audit Committee is satisfied that the resources allocation and time commitments are appropriate in respect of the audit of the Company's financial statements, and will enable the audit work to be completed in a timely, compliant and quality manner.

(f) Professional ethics and independence

The Audit Committee is of the view that auditor independence is critical to the audit engagement and has considered EY's independence and objectivity. Based on the information provided by EY, it has established appropriate systems and procedures to ensure its independence from the Company, including client acceptance and continuance assessments, independence reviews, and conflict-of-interest checks, to confirm that there is no financial, business, employment or other relationships between EY (including its partners and audit team members) and the Company, the Directors or substantial shareholders that could impair its independence. The Audit Committee has also considered EY's internal quality management and independence safeguard mechanisms, including professional ethical requirements and project partner rotation arrangements. Based on currently available information, the Audit Committee has not noted any circumstances that could impair EY's independence from the Company, and considers that EY possesses sufficient independence and objectivity to fulfil its duties as the auditor of the Company.

(g) Governance and leadership

The Audit Committee has reviewed the corporate profile and the relevant policies in quality management regarding governance and leadership of EY, and is satisfied that EY's governance structure and leadership oversight are effective in ensuring the delivery of a high-quality and independent audit.

Based on the above, the Board and the Audit Committee consider that (i) EY is independent, qualified and capable to act as the new auditor of the Company; and (ii) the Proposed Appointment of EY will strengthen the quality of the Group's audit and is in the interest of the Company and the Shareholders as a whole.

Audit fee

The estimated audit fee as agreed with EY for audit services in respect of the year ending 31 December 2026 is approximately RMB900,000, which was determined by a tender process and after arm's length negotiations with reference to various factors such as the size and structure of the Group, the nature and complexity of the Group's businesses, the profile and background of EY, the expected audit scope, timetable of the audit and the time and resources to be deployed by EY.

The estimated audit fee has been determined on the basis that there will be no material changes in the Group's operations, accounting policies or regulatory environment during the financial year and no material change on the time and resources to be deployed by EY, and that the Company will provide timely and adequate assistance and information as reasonably required for the audit.

In view of the above, the Board and the Audit Committee consider that the agreed audit fee to be reasonable and commensurate with the audit work and quality required, and hence is appropriate and in the interest of the Company and the Shareholders as a whole.

GENERAL

A circular containing, amongst others, further details of the Proposed Change of Auditor, together with a notice convening the SGM, will be disseminated to the Shareholders in due course.

By order of the Board
China Shuifa Singyes New Materials Holdings Limited
Du Peng
Chairman

Hong Kong, 6 October 2026

As at the date of this announcement, the executive Directors of the Company are Mr. Du Peng (Chairman), Mr. Zhang Chao and Mr. Liu Yong; the non-executive Director of the Company is Mr. Zhou Qing; and the independent non-executive Directors of the Company are Ms. Pan Jianli, Mr. Zhang Yumo and Dr. Li Ling.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange website (www.hkexnews.hk) for at least 7 days from the date of its publication and on the website of the Company (www.syeamt.com).