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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)**

### **QUARTERLY UPDATE ON SUSPENSION OF TRADING**

This announcement is made by China Saite Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to the announcements of the Company dated 22 June 2020, 22 July 2020, 8 September 2020, 30 September 2020, 23 October 2020, 19 November 2020, 8 December 2020, 28 December 2020, 26 March 2021, 30 March 2021, 31 March 2021, 7 May 2021, 3 June 2021, 6 June 2021, 22 June 2021 and 13 September 2021 (the “**Announcements**”) in relation to, among others, the suspension of trading in the shares of the Company on the Stock Exchange pending the publication of the annual results of the Group for the years ended 31 December 2019 and 2020, the resumption guidance and additional resumption guidance issued by the Stock Exchange (the “**Resumption Guidance**”), the winding up petitions against the Company, the findings of the internal control review report, the resignation of auditor of the Company, the entering into of the memorandum of understanding in relation to the proposed investment in the Company, the appointment of new auditor and internal control consultant. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

### **BUSINESS UPDATE**

In respect of the Group’s business operations, the Group has continued its operations notwithstanding the suspension of trading in the shares of the Company.

As at the date of this announcement, construction projects undertaken by the Group are still progressing normally despite the impact of COVID-19.

In relation to the Proposed Investment as disclosed in the announcement of the Company dated 6 June 2021, as at the date of this announcement, Fujian Kangjing is still in the process of conducting a legal and financial due diligence review on the Company. The Company will make announcement(s) on the status of the Proposed Investment as and when appropriate.

The Group will continue to proactively seek for new potential business opportunities, with the aim of broadening its source of income and maximising return to the shareholders. The Group will make announcement(s) to update its Shareholders and investors of any major developments in the business operations of the Group as and when appropriate.

## **UPDATE ON RESUMPTION PROGRESS**

The Stock Exchange has set out the following Resumption Guidance for the Company in July 2020, September 2020 and December 2020:

1. conduct an appropriate independent investigation into the issues identified in the Resignation Letter, announce the findings and take appropriate remedial actions;
2. conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules;
3. publish all outstanding financial results and address any audit modifications;
4. announce all material information for the Company's shareholders and other investors to appraise the Company's position;
5. to have the winding up petitions (or winding-up orders, if made) against the Company withdrawn or dismissed;
6. demonstrate compliance with Rule 13.24 of the Listing Rules; and
7. demonstrate that there is no reasonable regulatory concern about the management integrity and competence, and/or the integrity and competence of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence.

### **Resumption Guidance 1 — independent investigation**

Trading in the shares of the Company has been suspended since 22 June 2020 pending publication of the 2019 annual results of the Company, the delay of which was primarily because the then auditor has not completed certain audit procedures in respect of the audit of the consolidated financial statements of the Group for the year ended 31 December 2019 (the "2019 Audit") and have found out certain litigations against, among others, certain subsidiaries of the Company in the PRC which may have a material impact on the 2019 Audit.

To fulfill this Resumption Guidance, the Company has established the Independent Board Committee to conduct the Independent Investigation. The Independent Board Committee had engaged the Independent Legal Adviser to provide legal advice on matters relating to the Independent Investigation, and through the Independent Legal Adviser, had engaged RSM Corporate Advisory (Hong Kong) Limited as the independent consultant to provide professional services and assistance.

As at the date of this announcement, there has been progress in the Independent Investigation. Further, the Independent Board Committee has been asked by the Board to conduct review in relation to certain other litigations, corporate guarantees and/or non-performing loans and consider expanding the scope of the investigation. The Company will make further announcement(s) in relation to the Independent Investigation as and when appropriate.

### **Resumption Guidance 2 — independent internal control review**

To fulfill this Resumption Guidance, the Company has engaged Azzura Corporate Advisory Limited in July 2020 to conduct the Internal Control Review and prepare the Internal Control Report, the findings of which were disclosed in the announcement of the Company dated 7 May 2021.

As disclosed in the announcement of the Company dated 13 September 2021, having considered the significance of maintaining an appropriate and effective internal control systems and in order to provide further assurance to the public that the Company is committed to fulfill Resumption Guidance 2, the Company has engaged SHINEWING Risk Services Limited as its internal control consultant to conduct a second round of independent review of the internal control systems and procedures of the Group (i.e the 2nd IC Review).

#### **Scope of the 2nd IC Review**

The 2nd IC Review shall cover the following major areas:

- (i) corporate level internal governance;
- (ii) business level internal governance;
- (iii) control and management of information system;
- (iv) review on compliance with Corporate Governance Code (Appendix 14) of the Listing Rules;
- (v) review on compliance with Listing Rules and relevant laws and regulations including Chapter 13, Chapter 14, Chapter 14A of the Listing Rules and disclosure of inside information in accordance with Part XIVA of the SFO; and
- (vi) follow up with internal control deficiencies identified by Azzura and during the 2nd IC Review.

The Company shall keep its Shareholders and potential investors informed of any material development of the 2nd IC Review by way of publishing announcement(s) as and when appropriate.

### **Resumption Guidance 3 — financial results**

Pursuant to Rule 13.46(2), Rule 13.49(1), Rule 13.49(6) and Rule 13.48(1) of the Listing Rules, the Company was required to:

- (i) publish the annual results announcements of the Company for the years ended 31 December 2019 (“FY2019”) and 31 December 2020 (“FY2020”) on or before 31 March 2020 and 31 March 2021, respectively;
- (ii) despatch the annual report of the Company for FY2019 and FY2020 to the Shareholders on or before 30 April 2020 and 30 April 2021, respectively;
- (iii) publish the interim results announcement of the Company for the six months ended 30 June 2020 and 30 June 2021 on or before 31 August 2020 and 31 August 2021, respectively; and
- (iv) despatch the interim report of the Company for the six months ended 30 June 2020 and 30 June 2021 to the Shareholders on or before 30 September 2020 and 30 September 2021, respectively.

The Company has appointed BDO Limited as its auditor effective from 11 September 2021. As at the date of this announcement, the audit for the financial results of FY2019 and FY2020 are still ongoing.

Further announcement(s) will be made by the Company to provide updates to the Shareholders on the material development relating to publication of the outstanding results announcements and despatch of the outstanding annual reports and interim report(s) as and when appropriate.

Considering past practices, the Company shall submit the audited annual financial statements at the annual general meeting for consideration. Given that the audit work of the annual results for FY2019 and FY2020 has still not been completed as at the date of this announcement and to avoid imposing time and expense burdens on the Company and the Shareholders, the Company decides that the annual general meeting for 2020 will be postponed until publication of the audited annual results for FY2019 and FY2020.

#### **Resumption Guidance 4 — announce all material information**

Since the suspension of trading in its shares, the Company has been keeping its Shareholders and potential investors informed of all material information to appraise the Company's position by way of announcements on the website of the Stock Exchange in accordance with the Listing Rules, including but not limited to market updates of all material information on a quarterly basis.

#### **Resumption Guidance 5 — winding up petitions**

As disclosed in the quarterly update announcement of the Company dated 22 June 2021, there was one outstanding petition (the “**Petition**”) filed against the Company under the CWUMPO that has yet to be withdrawn or dismissed. The hearing of the Petition has been adjourned to 21 January 2022.

As at the date of this announcement, no winding-up order has been made against the Company and the winding-up petitions have no material adverse impact on the daily operations of the Company.

The Company will keep its shareholders and the public informed of any material development in connection with the winding-up petitions and will make further announcement(s) as and when appropriate.

For the other requirements under the Resumption Guidance, the Company is taking necessary steps to fulfill such requirements and will keep its Shareholders and potential investors abreast of the material developments by making further announcement(s) as and when appropriate.

#### **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.

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

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

Hong Kong, 21 September 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.*