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## **KWG GROUP HOLDINGS LIMITED**

**合景泰富集團控股有限公司**

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

**(Stock Code: 1813)**

### **CHANGE OF AUDITORS**

This announcement is made by KWG Group Holdings 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.

#### **RESIGNATION OF AUDITOR**

The board (the “**Board**”) of directors of the Company (the “**Directors**”) hereby announces that Ernst & Young (“**EY**”) resigned as the auditor of the Company with effect from 27 December 2023.

The Group is actively pushing forward its offshore debt restructuring work, and preferred to complete the audited financial statements of the Group for the year ending 31 December 2023 (“**FY2023**”) as soon as possible. However, the Company could not reach a consensus with EY on a mutually acceptable audit timetable and the level of audit fees.

Since June 2023, the Company and EY had been communicating on the audit timetable and the audit fee quote for the audit work of FY2023 (the “**2023 Audit**”). As part of the effective cost control measures to reduce overall operating expenses of the Company, the Company has also obtained and reviewed the audit fee proposals provided by other professional accounting firms, which were more competitive as compared with EY’s 2023 audit fee proposal. In view of the more competitive fee proposals provided by other professional accounting firms possessing the necessary capabilities and competence to perform its duties as an independent auditor, and their commitment to meet the Company’s proposed audit timetable, the Board, with the recommendation of its audit committee (the “**Audit Committee**”), confirmed that the resignation of EY is in the interests of the Company and the shareholders of the Company as a whole.

Pursuant to its resignation letter dated 27 December 2023, in reaching the decision of its resignation, EY has considered a number of factors including the audit timetable and the level of audit fees that are commensurate with the professional risk associated with the audit of the Group and its available internal resources. EY also confirmed in its resignation letter that it had been asked by the Company to reduce the audit fee level for the 2023 Audit as compared with its 2023 audit fee quote, which is also lower than its 2022 audit fee. After further communication with the Company, EY could not reach a consensus with the Company on a mutually acceptable audit timetable, as well as on the level of audit fee, the basis of which includes consideration of the level of available Company resources supporting the 2023 Audit and the additional work expected to be performed by EY in the 2023 Audit on certain audit focus areas including the going concern consideration, impairment assessment of properties held for sale and properties under development, and impairment assessment of other non-financials assets.

Up to the date of its resignation, EY has not commenced any work on the consolidated financial statements of the Group for FY2023. EY confirmed in its letter of resignation that, other than the foregoing, there are no circumstances in connection with the resignation of EY as the Company's auditor that need to be brought to the attention of the shareholders and creditors of the Company.

The Board and the Audit Committee have confirmed that there are no disagreements or unresolved matters between the Company and EY and there are no matters that need to be brought to the attention of the shareholders and creditors of the Company.

The Board would like to express its gratitude to EY for its professional services rendered to the Company over the years.

## **APPOINTMENT OF AUDITOR**

The Board further announces that, with the recommendation from the Audit Committee, it has resolved to appoint Prism Hong Kong and Shanghai Limited (“**Prism**”) as the new auditor of the Company with effect from 27 December 2023 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company.

The Board wishes to express its warm welcome to Prism on its appointment as the auditor of the Company.

By order of the Board  
**KWG Group Holdings Limited**  
**KONG Jianmin**  
*Chairman*

Hong Kong, 27 December 2023

*As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are Executive Directors; and Mr. LEE Ka Sze, Carmelo, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick are Independent Non-executive Directors.*