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KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

CHANGE OF AUDITORS

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of King Stone Energy Group 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 (the “**Stock Exchange**”).

Reference is made to the announcements of the Company dated 28 March 2024 and 2 April 2024 in relation to, among others, the delay in publication of the preliminary results in respect of the 2023 Annual Results and the formation of the Special Investigation Committee (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements.

RESIGNATION OF AUDITOR

The Board announces that Asian Alliance (HK) CPA Limited (“**Asian Alliance**”) has resigned as the auditor of the Company with effect from 26 April 2024.

As previously communicated between the Company and Asian Alliance, the Company has expressed the urgency to publish the 2023 Annual Results as soon as practicable to rectify its non-compliance of the Listing Rules. The Company has anticipated to publish the 2023 Annual Results announcement by the end of June 2024 pending the investigation carried out by the Special Investigation Committee on the audit matters involving the Prepayment Matter and the Investment in Associates Matter (collectively, the “**Audit Matters**”), and has therefore urged Asian Alliance to cooperate with the Company and to use its best efforts to meet the Company’s schedule.

The Company has previously communicated to Asian Alliance that it had approached another audit firm as the auditor of the Company for the year ended 31 December 2023 which could commit to the Company's audit schedule, and if Asian Alliance still considered that it was not able to meet the schedule of the Company, the Company was open to accept Asian Alliance's resignation as the auditor of the Company. Asian Alliance, therefore, decided to resign as the auditor of the Company on the basis that without the requested information and the outcome of the independent investigation on the Audit Matters, Asian Alliance is unable to provide an estimated timetable nor to determine the nature, timing and extent of additional procedures that are further required to complete the audit.

Asian Alliance has confirmed that, save for the aforesaid matters, there are no other matters that need to be brought to the attention of the holders of securities or creditors of the Company.

The Board and the audit committee of the Board (the "**Audit Committee**") have also confirmed that save for the aforesaid matters, there is no disagreement between the Company and Asian Alliance and there are no other matters in relation to the resignation of Asian Alliance that need to be brought to the attention of the Shareholders.

The Board would like to express its sincere gratitude to Asian Alliance for its professional services rendered to the Company in the past years.

APPOINTMENT OF AUDITOR

The Board further announces that it has resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of McMillan Woods (Hong Kong) CPA Limited ("**McMillan**") as the new auditor of the Company with effect from 26 April 2024 to fill the casual vacancy following the resignation of Asian Alliance. McMillan will hold office until the conclusion of the next annual general meeting of the Company.

In reaching its recommendation to the Board, the Audit Committee has considered a number of factors, including but not limited to, (i) the market reputation, capabilities and track record of McMillan, including its technical capabilities, manpower and other resources available, and past experience in providing audit work for companies listed on the Stock Exchange; (ii) its independence from the Group and objectivity; (iii) the audit proposal of McMillan, including the audit fees and McMillan's commitment to devote more resources in carrying out the 2023 Audit to meet the proposed preliminary timetable for the 2023 Audit; and (iv) the Guidance Notes on Change of Auditors issued by the Accounting and Financial Reporting Council.

In view of the above, the Audit Committee considered that McMillan is eligible and suitable to act as the auditor of the Company, and the Audit Committee and the Board are of the view that the change of auditor is in the interest of the Company and the Shareholders as a whole.

The Board would like to take this opportunity to welcome McMillan on its appointment as the auditor of the Company.

The Board will make further announcement(s) as and when appropriate to inform the Shareholders of any update in respect of the progress of the 2023 Audit and the publication of the 2023 Annual Results.

By order of the Board
King Stone Energy Group Limited
Xu Zhuliang
Chairman

Hong Kong, 26 April 2024

As at the date of this announcement, the executive Directors are Mr. Xu Zhuliang, Mr. Zong Hao and Ms. He Qing, and the independent non-executive Directors are Mr. Chiu Sui Keung, Mr. Lee Ping, Mr. Lee Kwok Wan and Mr. Chou Chiu Ho.