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FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1738)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO CHANGE OF AUDITOR**

This announcement is made by Feishang Anthracite Resources Limited (“**Company**”, together with its subsidiaries, “**Group**”) to supplement the announcement of the Company dated 15 May 2026 (“**Announcement**”) in relation to the retirement of Ernst & Young (“**EY**”) as the auditor of the Company at the forthcoming annual general meeting of the Company, scheduled to be held on 26 June 2026 (“**AGM**”) and the proposed appointment of CCTH CPA Limited (“**CCTH**”) as the auditor of the Company with effect from the conclusion of the AGM and until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the AGM.

Defined terms and expressions herein shall bear the same meanings as used in the Announcement unless the context suggests otherwise.

The audit committee of the Board (“**Audit Committee**”), after having discussion with EY, is satisfied that all the underlying reasons leading to the EY’s scheduled retirement at the AGM have been disclosed in the Announcement.

The Audit Committee, in evaluating the appointment of CCTH, has considered section 2 of the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the AFRC on 16 December 2021 (“**Guide**”), including without limitation, the range of factors referred to paragraph 2.2.4 thereof. Details of the considerations of the Audit Committee are summarised as follows:

(a) Governance and leadership:

CCTH is registered with the AFRC as a public interest entity auditor. CCTH has extensive experience in providing audit services to Hong Kong listed issuers, is familiar with the Listing Rules and International Financial Reporting Standards, and possesses profound industry knowledge as well as solid technical capability relevant to listed groups’ business operation, scale and risk profile. CCTH has established and maintains a sound system of quality management in accordance with Hong Kong Standard on Quality Management 1 (HKSQM 1) and Hong Kong Standard on Quality Management 2 (HKSQM 2). The system covers key areas including governance and leadership, relevant ethical requirements, acceptance and continuance of client relationships, engagement performance, and monitoring and remediation procedures. Based on public inquiries conducted on the websites of the relevant regulatory authorities, no disciplinary actions involving the key audit engagement partner or the engagement quality reviewer were found.

(b) Compliance with relevant ethical requirements:

The Audit Committee has obtained a description of CCTH's policies and procedures for monitoring and complying with relevant ethical requirements to which CCTH and the audit engagement are subject, including integrity, objectivity, and independence requirements, and is satisfied with the effectiveness of such policies and procedures. CCTH is responsible for ensuring compliance with the relevant ethical requirements in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, in particular provisions related to audits of financial statements of public interest entities, and has confirmed its compliance with the aforementioned Code.

(c) Industry knowledge and technical competence:

CCTH possesses solid practical experience, professional industry knowledge and technical capability in serving Hong Kong listed issuers, and is familiar with the Listing Rules and International Financial Reporting Standards. It has in-depth understanding of the business development, scale and risk profile of listed groups, and is capable of designing tailored audit plans accordingly.

CCTH has demonstrated its technical competence with its credentials as a public interest entity auditor, along with its track record in Hong Kong. CCTH has also provided a detailed outline to the Company as part of its submitted audit proposal, demonstrating its comprehensive knowledge of the recent business development, size, complexity and risk profile of the Group. The Audit Committee has also reviewed and discussed with CCTH its proposed audit plan, which sets out the audit coverage, procedures and timetable that is sufficient to perform high-quality audits.

(d) Engagement performance:

CCTH possesses sufficient manpower, professional expertise and comprehensive resource allocation to perform quality audit engagements. It has established professional support teams covering financial advisory, risk advisory, tax and information systems to provide full technical backing for audit engagements. CCTH's overall audit approach sets out a clear scope and tailored direction for the audit. Having reviewed its audit approach and profiles of the engagement partner and team members, the Audit Committee is satisfied that the audit team has sufficient resources, expertise and time to perform high-quality audits.

(e) Communication and interaction with the Audit Committee:

The Audit Committee is satisfied with the communication plan between CCTH and the Audit Committee, which takes into account the requirements as set out under HKSA 260 (Revised). The Audit Committee believes that such communication plan will facilitate and maintain effective two-way communication between the Audit Committee and CCTH on significant financial reporting and audit matters in a timely manner, and to host meetings in compliance with the Corporate Governance Code.

(f) Monitoring process:

The Audit Committee has noted that CCTH complies with the requirements of the Hong Kong Standard of Quality Management 1 and 2 (“**HKSQM1&2**”) published by the Hong Kong Institute of Certified Public Accountants and conducts annual monitoring. The monitoring covers an evaluation of the system of quality management, which includes a review of the quality management manual, an annual quality risk assessment and a review of compliance with relevant standards such as the HKSQM 1 & 2. In addition, the Audit Committee has reviewed public searches conducted on the websites of the relevant authorities, which did not identify any disciplinary actions concerning the relevant audit engagement partner and other key engagement team members of CCTH. To the best knowledge of the Audit Committee, the Audit Committee is not aware of any behavior or activities from CCTH that would threaten the integrity, objectivity and independence, or adversely affect its quality of audit, to the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the audit engagement team and other persons in CCTH are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. In addition, as advised by CCTH, based on an understanding of its firm policies, no circumstances have been identified that may pose a threat to the independence and objectivity of the new auditor.

The Audit Committee, based on the considerations summarised above, is satisfied that CCTH as the incoming auditor is independent, competent and capable (including manpower, expertise, time and other resources) to perform a high-quality audit.

In relation to the audit fee for the audit of the financial statements of the Group for the year ending 31 December 2026 (“**2026 audit**”), (a) it is expected that EY’s audit fee would not be lower than CNY2.95 million (as elaborated in the paragraph below), while (b) the audit fee proposed by and agreed with CCTH is approximately CNY2.4 million which covers the statutory audits of the Company and all its subsidiaries, and the final fee will be determined based on the list of companies as at 31 December 2026, and which is based on a range of factors, including the size and composition of the CCTH team, the seniority mix of the personnel to be deployed, CCTH’s operating model and resource, and CCTH’s audit scope which comprehensively covers the Company’s core business operations with an audit plan tailored to the Company’s size and risk profile. The Audit Committee is satisfied that the above fee of CCTH is commensurate with the extent of audit work.

In late 2025, EY proposed its audit fee for the audit of the year ended 31 December 2025 in the amount of CNY2.95 million, which represented an increase of 2.4% from that of 2024. EY advised that the audit fee estimate was based on their understanding of the Company, the overall audit workload and the time costs to be incurred by audit personnel of different levels who would actually participate in the audit. Based on these assumptions, it would be reasonable to infer that EY’s audit fee estimate for the 2026 audit would not be lower than that of 2025. The above prompted the Company and the Audit Committee to initiate a review of the Company’s external audit arrangements and potential alternative audit firms.

In this connection, the Audit Committee has considered many factors in selecting auditors with reference to the guidance issued by the AFRC and the Stock Exchange, including the prospective auditors’ industry knowledge and technical competence, engagement performance, communication with the Audit Committee, available resources and proposed audit strategy, as well as the reasonableness of their proposed fee levels having regard to the Group’s size, operations and complexity.

Between January and early May 2026, the Company and the Audit Committee obtained detailed proposals (including audit strategies and fee breakdowns) from CCTH and two other audit firms of similar size and reputation. In January 2026, CCTH discussed separately with the Audit Committee members to introduce its proposed engagement team, discuss its understanding of the Group's business and risks, and outline its proposed audit approach, resource plan and timetable for the 2026 audit. In early May 2026, the Audit Committee received written audit proposals and fee quotations from all three candidates and, after review and discussion, concluded that each of them possessed the necessary industry knowledge, technical competence and resources to perform a quality audit of a listed mining group.

Having assessed the above proposals and taking into account the relevant regulatory guidance on audit committee responsibilities in the context of a change of auditors, the Audit Committee noted in particular that CCTH demonstrated strong industry experience, an experienced and adequately resourced engagement team, a clear and robust audit strategy and timetable, and proactive communication with the Audit Committee throughout the selection process. The Audit Committee also noted that CCTH's proposed audit fee (supported by a breakdown by staff mix and scope of work) was competitive and, in the Audit Committee's view, commensurate with the nature, scale and complexity of the Group's operations and the extent of audit procedures required.

In light of the foregoing, the Audit Committee resolved to recommend to the Board that CCTH be proposed for appointment as the Company's incoming auditor with effect from the conclusion of the AGM.

By Order of the Board
Feishang Anthracite Resources Limited
LI Zongyang
Chairman

Hong Kong, 3 July 2026

As at the date of this announcement, the executive Director is Mr. LI Zongyang; and the independent non-executive Directors are Ms. LIANG Ying, Mr. LUI Tin Shun and Mr. WANG Xiufeng.