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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

- Revenue from continuing operations down by approximately 11.9% to approximately CNY1,013.1 million
- Gross profit from continuing operations down by approximately 6.2% to approximately CNY297.4 million
- Loss attributable to owners of the parent from continuing operations for the year ended 31 December 2020 up by approximately 256.4% to approximately CNY345.9 million
- Basic loss per share from continuing operations was approximately CNY0.25

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** ***CNY'000***	2019 *CNY'000*
CONTINUING OPERATIONS			
Revenue	*5*	**1,013,074**	1,149,726
Cost of sales		**(715,638)**	(832,580)
Gross profit		**297,436**	317,146
Selling and distribution expenses		**(106,535)**	(116,417)
Administrative expenses		**(139,882)**	(135,332)
Impairment of financial assets, net	*7*	**(7,406)**	(618)
Impairment losses on property, plant and equipment	*7*	**(246,184)**	–
Other operating expenses, net		**(22,474)**	(33,651)
OPERATING (LOSS)/PROFIT		**(225,045)**	31,128
Finance costs	*6*	**(164,832)**	(92,074)
Interest income		**2,747**	775
Share of profit and loss of an associate		**(1,478)**	(34)
Non-operating income, net		**757**	1,906
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	*7*	**(387,851)**	(58,299)
Income tax	*8*	**40,918**	(17,536)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(346,933)**	(75,835)
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	*4*	**(10,221)**	(6,596)
LOSS FOR THE YEAR		**(357,154)**	(82,431)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** *CNY'000*	2019 *CNY'000*
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		**(345,887)**	(97,054)
From discontinued operations		**(10,213)**	(6,588)
		(356,100)	(103,642)
Non-controlling interests			
From continuing operations		**(1,046)**	21,219
From discontinued operations		**(8)**	(8)
		(1,054)	21,211
		(357,154)	(82,431)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (CNY per share)			
– For loss from continuing operations	*9*	**(0.25)**	(0.07)
– For loss from discontinued operations	*9*	**(0.01)**	*
– Net loss per share	*9*	**(0.26)**	(0.07)
Diluted (CNY per share)			
– For loss from continuing operations	*9*	**(0.25)**	(0.07)
– For loss from discontinued operations	*9*	**(0.01)**	*
– Net loss per share	*9*	**(0.26)**	(0.07)

* *Insignificant*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	2020	2019
	CNY'000	*CNY'000*
LOSS FOR THE YEAR	**(357,154)**	(82,431)
Other comprehensive income/(loss):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**8,298**	(2,503)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,135)**	2,576
Total other comprehensive income for the year, net of tax	**163**	73
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(356,991)**	(82,358)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**(345,724)**	(96,981)
From discontinued operations	**(10,213)**	(6,588)
	(355,937)	(103,569)
Non-controlling interests		
From continuing operations	**(1,046)**	21,219
From discontinued operations	**(8)**	(8)
	(1,054)	21,211
	(356,991)	(82,358)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

	Notes	**2020** **CNY'000**	2019 *CNY'000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,529,718**	2,856,318
Right-of-use assets	*12(a)*	**241,477**	185,770
Rehabilitation fund		**9,412**	12,136
Prepayments and other receivables		**59,243**	64,494
Investment in an associate		**1,036**	2,514
Deferred tax assets	*8*	**41,497**	9,527
TOTAL NON-CURRENT ASSETS		**2,882,383**	3,130,759
CURRENT ASSETS			
Inventories		**54,252**	37,317
Trade and bills receivables	*13*	**165,895**	126,887
Prepayments and other receivables		**99,826**	106,839
Financial assets at fair value through profit or loss		**6,412**	5,019
Pledged deposits		**92,450**	116,000
Cash and cash equivalents		**29,587**	42,417
		448,422	434,479
Assets of a disposal group classified as held for sale	*4(b)*	**76,197**	57,875
TOTAL CURRENT ASSETS		**524,619**	492,354
TOTAL ASSETS		**3,407,002**	3,623,113
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*14*	**829,122**	881,993
Other payables and accruals		**514,532**	417,971
Interest-bearing bank and other borrowings	*15*	**271,500**	622,000
Lease liabilities	*12(b)*	**69,366**	47,930
Due to an associate		**1,392**	1,727
Interest payable		**33,427**	32,955
Income tax payable		**43,305**	45,994
Mining right payables		**43,780**	43,780
Deferred income		**2,452**	2,202
		1,808,876	2,096,552
Liabilities directly associated with the assets classified as held for sale	*4(b)*	**53,147**	24,948
TOTAL CURRENT LIABILITIES		**1,862,023**	2,121,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2020

	Notes	2020 CNY'000	2019 CNY'000
NON-CURRENT LIABILITIES			
Due to a related company		**312,552**	317,395
Interest-bearing bank and other borrowings	*15*	**1,632,750**	1,226,500
Lease liabilities	*12(b)*	**61,120**	36,199
Deferred tax liabilities	*8*	**62,092**	88,650
Deferred income		**15,381**	15,633
Asset retirement obligations		**12,907**	12,068
TOTAL NON-CURRENT LIABILITIES		**2,096,802**	1,696,445
TOTAL LIABILITIES		**3,958,825**	3,817,945
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(736,652)**	(380,715)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(735,571)**	(379,634)
NON-CONTROLLING INTERESTS		**183,748**	184,802
TOTAL EQUITY		**(551,823)**	(194,832)
TOTAL LIABILITIES AND EQUITY		**3,407,002**	3,623,113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the British Virgin Islands ("**BVI**") on 6 January 2010. The registered office address of the Company is Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI.

China Natural Resources, Inc. ("**CHNR**") is a BVI holding company incorporated in 1993 with its shares listed on the NASDAQ Capital Market in the United States of America. The Company was a wholly-owned subsidiary of CHNR until CHNR completed the spin-off ("**Spin-off**") of its shareholding in the Company and the shares of the Company were listed by introduction on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 January 2014. After the Spin-off, CHNR's shareholders hold the shares of the Company directly.

The Company's principal shareholder is Feishang Group Limited ("**Feishang**" or the "**controlling shareholder**"), a company incorporated in the BVI. Mr. LI Feilie is the beneficial owner of Feishang. In the opinion of the Directors, the ultimate holding company of the Company is Laitan Investments Limited, a company incorporated in the BVI.

The Company is an investment holding company. During the year, the Company's subsidiaries were engaged in the construction and development of anthracite coal mines, extraction and sale of anthracite coal, and trading of anthracite coal in the People's Republic of China (the "**PRC**").

As at 31 December 2020, the Group had net current liabilities of approximately CNY1,337.4 million (31 December 2019: CNY1,629.1 million) and total assets less current liabilities of approximately CNY1,545.0 million (31 December 2019: CNY1,501.6 million).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Chinese Yuan ("**CNY**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern

As at 31 December 2020, the Group had net current liabilities of approximately CNY1,337.4 million and shareholders' deficit of approximately CNY551.8 million. In view of these circumstances, the Directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd., controlled by Mr. LI Feilie (the beneficial owner of Feishang), has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations. Besides, on 10 December 2020, the Group has secured an additional loan facility from Bank of Guiyang totaling CNY100.0 million, which will expire on 4 December 2023, and the Group has subsequently drawn from the remaining loan facility amounting to CNY40.0 million on 19 January 2021, which will be repaid on 18 January 2022.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) focusing on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (ii) continuing to expand production output in pursuit of economies of scale and opportunities for better product diversification; (iii) taking measures to tighten cost controls over various production costs and expenses; and (iv) entering into loan renewal discussions with the banks.

After taking into account the above measures, the Directors consider that the Group will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) Conceptual Framework for Financial Reporting 2018 (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2020, the Group had only one operating segment: the construction and development of anthracite coal mines, extraction and sale of anthracite coal, and trading of anthracite coal.

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment. The Group conducts its principal operation in Mainland China. The Group's management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

Geographic information

The Group's revenue from external customers is derived solely from its operation in Mainland China, and no non-current assets of the Group are located outside Mainland China.

Information about major customers

During the year ended 31 December 2020, revenue derived from sales to two customers accounted for 37.4% and 15.3% of the consolidated revenue, respectively. During the year ended 31 December 2019, revenue derived from sales to two customers accounted for 44.6% and 11.4% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the PRC, which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending on the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. In the year of 2020, substantially all the work at Gouchang Coal Mine had ceased, and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the consolidated statement of profit or loss.

The results of Gouchang Coal Mine for the years ended 31 December 2020 and 2019 are presented below:

	2020	2019
	CNY'000	*CNY'000*
Finance costs	**(2)**	(1)
Non-operating expenses, net	**(785)**	(827)
LOSS BEFORE INCOME TAX	**(787)**	(828)
Income tax expense	**–**	–
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(787)**	(828)
Attributable to:		
Owners of the parent	**(779)**	(820)
Non-controlling interest	**(8)**	(8)
	(787)	(828)

The net cash flows incurred by Gouchang Coal Mine are as follows:

	2020	2019
	CNY'000	*CNY'000*
Operating activities	**(974)**	(401)
Financing activities	**932**	850
Net cash (outflow)/inflow	**(42)**	449

* *For identification purpose only*

(b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. ("Guizhou Dayuan")

On 24 May 2019, Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**"), a wholly-owned subsidiary of the Group, entered into an agreement with Guiyang Baoshun Energy Co., Ltd. ("**Baoshun**"), an independent third party, to dispose of its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin for an aggregate cash consideration of CNY55.0 million. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. The consideration shall be paid by Baoshun in various tranches upon the satisfaction of the subsequent conditions. During the year of 2019, Guizhou Puxin received tranches of CNY50.0 million from Baoshun. Up to 31 December 2020, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation.

The results of Guizhou Dayuan for the years ended 31 December 2020 and 2019 are presented below:

	2020	2019
	CNY'000	*CNY'000*
Revenue	**4,556**	–
Cost of sales	**(2,259)**	–
Gross profit	**2,297**	–
Administrative expenses	**(11,173)**	(2,824)
OPERATING LOSS	**(8,876)**	(2,824)
Finance costs	**(131)**	(134)
Interest income	**3**	–
Non-operating expenses, net	**(157)**	(437)
LOSS BEFORE INCOME TAX	**(9,161)**	(3,395)
Income tax expense	**(273)**	(2,373)
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(9,434)**	(5,768)
Attributable to:		
Owners of the parent	**(9,434)**	(5,768)
Non-controlling interests	**–**	–
	(9,434)	(5,768)

The major classes of assets and liabilities of Guizhou Dayuan classified as held for sale as at 31 December 2020 and 2019 are as follows:

	31 December 2020 *CNY'000*	31 December 2019 *CNY'000*
Assets		
Property, plant and equipment	**63,733**	54,206
Inventories	**657**	–
Rehabilitation fund	**1,500**	1,500
Prepayments and other receivables	**6,858**	2,027
Trade and bills receivable	**901**	–
Cash and cash equivalents	**2,548**	142
Assets of a disposal group classified as held for sale	**76,197**	57,875
Liabilities		
Trade and bills payables	**2,174**	1,133
Other payables and accruals	**28,579**	2,088
Income tax payable	**301**	21
Deferred tax liabilities	**20,363**	20,090
Asset retirement obligations	**1,730**	1,616
Liabilities directly associated with the assets classified as held for sale	**53,147**	24,948
Net assets directly associated with the disposal group	**23,050**	32,927

The net cash flows incurred by Guizhou Dayuan are as follows:

	2020 *CNY'000*	2019 *CNY'000*
Operating activities	**(9,488)**	(2,766)
Investing activities	**(11,646)**	–
Financing activities	**23,541**	1,514
Net cash inflow/(outflow)	**2,407**	(1,252)

The calculations of basic and diluted loss per share from discontinued operations are based on:

	2020	2019
	CNY'000	*CNY'000*
Loss attributable to ordinary equity holders of the parent from discontinued operations	**(10,213)**	(6,588)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,380,546
Diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic, from discontinued operations	**(0.01)**	*
Diluted, from discontinued operations	**(0.01)**	*

* *Insignificant*

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2020	2019
	CNY'000	*CNY'000*
Revenue from contracts with customers	**1,013,074**	1,149,726

(i) Disaggregated revenue information

	2020	2019
	CNY'000	*CNY'000*
Types of goods or services		
Sale of coal	**1,012,848**	1,149,061
Coal trading	**226**	665
	1,013,074	1,149,726
Geographic market		
Mainland China	**1,013,074**	1,149,726
Timing of revenue recognition		
Goods transferred at a point of time	**1,013,074**	1,149,726

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	CNY'000	*CNY'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	**115,814**	46,049

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of coal

The performance obligation is satisfied upon delivery of the coal and payment is generally due within 30 days from delivery, except for new customers, where payment in advance is normally required.

Coal trading

The performance obligation is satisfied upon receipt of the coal and payment is generally due within 30 days from receipt.

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2020	2019
	CNY'000	*CNY'000*
Interest on interest-bearing bank and other borrowings	**141,028**	70,900
Interest on lease liabilities *(Note 12(c))*	**13,064**	5,621
Interest on payables for mining rights	**2,145**	2,145
Total interest expense	**156,237**	78,666
Bank charges	**825**	512
Discount coupon	**6,931**	12,114
Accretion expenses	**839**	782
	164,832	92,074

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

The Group's loss before income tax from continuing operations is arrived at after crediting/charging:

	2020	2019
	CNY'000	*CNY'000*
Crediting:		
Interest income on bank deposits	**2,747**	775
Government grant (a)	**8,758**	4,975
Charging:		
Cost of inventories sold (b)	**583,304**	656,747
Sales tax and surcharge	**57,289**	65,131
Utilisation of safety fund and production maintenance fund	**75,045**	110,702
Cost of sales	**715,638**	832,580
Employee benefit expenses	**313,364**	306,877
Depreciation, depletion and amortisation:		
– Property, plant and equipment *(Note 11)*	**247,486**	324,783
– Right-of-use assets *(Note 12(c))*	**20,978**	18,017
Lease payments not included in the measurement of lease liabilities *(Note 12(c))*	**644**	1,827
Auditors' remuneration:		
– Audit fee	**3,400**	3,400
Impairment losses on property, plant and equipment	**246,184**	–
Impairment of right-of-use assets	**1,080**	–
Impairment of financial assets, net	**7,406**	618
Impairment of prepayments	**3,895**	–
Gains from financial assets at fair value through profit or loss	**575**	19
Gain/(loss) on disposal of property, plant and equipment	**51**	(589)
Repairs and maintenance	**44,808**	39,604
Losses arising from temporary suspension of production	**7,660**	–

(a) Included in government grant is a total amount of approximately CNY2.6 million in non-operating income and approximately CNY6.2 million in other operating income.

(b) Included in the cost of inventories sold is a total amount of approximately CNY536.9 million for the year ended 31 December 2020 (2019: CNY506.6 million) relating to employee benefit expenses and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expenses.

8. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Mainland China. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2020 (2019: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong sourced and non-Hong Kong sourced incomes. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong sourced income, no provision for Hong Kong profits tax was made as this operation sustained tax losses during the years ended 31 December 2020 and 2019. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on the corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**") collectively, the tax rate applicable for PRC group entities is 25% (2019: 25%).

Under the prevailing CIT Law and its relevant regulations, any dividends paid by the Company's PRC subsidiaries from their earnings derived after 1 January 2008 to the Company's Hong Kong subsidiary are subject to PRC dividend withholding tax of 5% or 10%, depending on the applicability of the Sino-Hong Kong tax treaty.

The current and deferred components of income tax (credit)/expense from continuing operations are as follows:

	2020	2019
	CNY'000	*CNY'000*
Current – Mainland China	**17,610**	40,066
Deferred – Mainland China	**(58,528)**	(22,530)
	(40,918)	17,536

A reconciliation of the income taxes from continuing operations computed at the PRC statutory tax rate of 25% to the actual income tax (credit)/charge is as follows:

	2020	2019
	CNY'000	*CNY'000*
Loss before income tax from continuing operations	**(387,851)**	(58,299)
Tax at the statutory tax rate of 25%	**(96,963)**	(14,575)
Effect of different tax rates for the Company and the Hong Kong subsidiary	**1,494**	1,651
Non-deductible expenses	**6,286**	5,568
Tax losses not recognised	**48,262**	24,213
Others	**3**	679
Income tax (credit)/charge from continuing operations	**(40,918)**	17,536

The Group's major deferred tax assets and deferred tax liabilities, classified after netting on a jurisdictional basis, are as follows:

	2020	2019
	CNY'000	*CNY'000*
Deferred tax assets		
Accruals and other payables	**4,502**	3,927
Capitalised pilot run income	**11,324**	12,190
Tax losses	**41,672**	43,239
Depreciation of property, plant and equipment	**26,741**	14,328
Bad debt provision	**5,648**	5,397
	89,887	79,081
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	**(110,482)**	(158,204)
Net deferred tax liabilities	**(20,595)**	(79,123)
Classification in the consolidated statement of financial position:		
Deferred tax assets	**41,497**	9,527
Deferred tax liabilities	**(62,092)**	(88,650)

In assessing the recoverability of the Group's deferred tax assets, management has performed a detailed assessment on the available taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the deductible temporary differences and unused tax losses can be utilised before they expire. In addition, management has also performed a detailed assessment on these coal mining subsidiaries' profitability based on their production plans, product mix, forecasted selling prices, and the related production and operational costs, of which strong profits are expected.

Accordingly, management considered it is probable that the Group, in future, will earn sufficient taxable profits to utilise these coal mining subsidiaries' deductible temporary differences and unused tax losses before they expire and as such, the related deferred tax assets are recognised.

The total amounts of unused tax losses for which no deferred tax assets were recognised amounting to approximately CNY697.9 million and CNY622.1 million as at 31 December 2020 and 2019, respectively. As at 31 December 2020, unused tax losses not utilised of approximately CNY219.6 million, CNY110.8 million, CNY77.6 million, CNY96.9 million and CNY193.0 million, will expire by end of 2021, 2022, 2023, 2024 and 2025, respectively.

The gross movements on the deferred tax account are as follows:

	2020	2019
	CNY'000	*CNY'000*
At the beginning of the year	**(79,123)**	(119,371)
Charged to the consolidated statement of profit or loss	**58,528**	22,530
Reclassified to held for sale	**–**	17,718
At the end of the year	**(20,595)**	(79,123)

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted loss per share for the year were calculated as follows:

	2020	2019
	CNY'000	*CNY'000*
Loss for the year attributable to ordinary equity holders of the parent:	**(356,100)**	(103,642)
From continuing operations	**(345,887)**	(97,054)
From discontinued operations	**(10,213)**	(6,588)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,380,546
Diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic		
From continuing operations	**(0.25)**	(0.07)
From discontinued operations	**(0.01)**	*
	(0.26)	(0.07)
Diluted		
From continuing operations	**(0.25)**	(0.07)
From discontinued operations	**(0.01)**	*
	(0.26)	(0.07)

* *Insignificant*

The Company did not have any potential diluted shares throughout the year. Accordingly, the diluted loss per share amount was the same as the basic loss per share amount.

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2020 (2019: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *CNY'000*	Mining structures and mining rights *CNY'000*	Machinery and equipment *CNY'000*	Motor vehicles *CNY'000*	Construction in progress *CNY'000*	Total *CNY'000*
Cost						
At 1 January 2019	118,561	3,222,342	583,187	49,787	412,315	4,386,192
Additions	1,360	1,802	45,716	15,453	471,443	535,774
Transfers	4,029	339,334	6,650	4,570	(354,583)	–
Disposals	–	–	(2,517)	–	–	(2,517)
Reclassified to held for sale	(14,426)	(323,795)	(23,578)	(1,641)	–	(363,440)
Reclassified to right-of-use assets	–	(56,548)	–	–	–	(56,548)
At 31 December 2019 and 1 January 2020	109,524	3,183,135	609,458	68,169	529,175	4,499,461
Additions	–	118,061	19,171	2,185	108,382	247,799
Transfers	22,839	154,444	–	–	(177,283)	–
Disposals	–	(160,522)	–	(2,568)	–	(163,090)
Reclassified from right-of-use assets	–	–	21,370	–	–	21,370
At 31 December 2020	132,363	3,295,118	649,999	67,786	460,274	4,605,540
Accumulated depreciation						
At 1 January 2019	(15,713)	(541,261)	(287,487)	(24,011)	–	(868,472)
Depreciation charge	(9,141)	(269,580)	(39,134)	(6,928)	–	(324,783)
Disposals	–	–	1,928	–	–	1,928
Reclassified to held for sale	3,270	3,976	3,463	1,465	–	12,174
Reclassified to right-of-use assets	–	2,417	–	–	–	2,417
At 31 December 2019 and 1 January 2020	(21,584)	(804,448)	(321,230)	(29,474)	–	(1,176,736)
Depreciation charge	(11,197)	(203,758)	(24,206)	(8,325)	–	(247,486)
Disposals	–	5,065	–	2,009	–	7,074
At 31 December 2020	(32,781)	(1,003,141)	(345,436)	(35,790)	–	(1,417,148)
Impairment						
At 1 January 2019	(16,226)	(711,771)	(29,618)	(554)	(5,298)	(763,467)
Additions	–	–	–	–	–	–
Reclassified to held for sale	11,156	265,613	20,115	176	–	297,060
At 31 December 2019 and 1 January 2020	(5,070)	(446,158)	(9,503)	(378)	(5,298)	(466,407)
Additions	(455)	(228,110)	(17,560)	(59)	–	(246,184)
Write off	–	53,917	–	–	–	53,917
At 31 December 2020	(5,525)	(620,351)	(27,063)	(437)	(5,298)	(658,674)
Net carrying amount						
At 31 December 2019	82,870	1,932,529	278,725	38,317	523,877	2,856,318
At 31 December 2020	94,057	1,671,626	277,500	31,559	454,976	2,529,718

As at 31 December 2020, certain mining rights with a carrying amount of approximately CNY545.6 million (31 December 2019: CNY722.6 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,734.3 million (31 December 2019: CNY1,729.5 million) (Note 15).

As at 31 December 2020, certain machinery and equipment with a carrying amount of approximately CNY36.5 million (31 December 2019: Nil) and certain buildings with a carrying amount of approximately CNY7.6 million (31 December 2019: Nil) were pledged to secure bank loans with a carrying amount of CNY20.0 million (31 December 2019: Nil) (Note 15).

As at 31 December 2020, certain buildings with a carrying amount totalling approximately CNY86.0 million (31 December 2019: CNY74.0 million) were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current use. The Directors are of the view that the Group was entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter do not have any significant impact on the Group's financial position as at the end of the year.

Exchanges of assets

As at 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaba Coal Mine issued by Department of Natural Resources of Guizhou Province ("**Exchange of assets**"). According to the new mining right permit, the Department of Natural Resources of Guizhou Province adjusted part of the mining area of Liujiaba Coal Mine in order to faciliate better urban and regional planning. A land area of 1.4339km^2 of the original mining area ("**Assets Given Up**"), which overlapped with urban planning, has been cut out and replaced by a new piece of reserved land with a net area (after netting out of empty area) of 0.6946km^2 ("**Assets Received**").

The transaction passes the "commercial substance" test since the risk, timing and amount of the cash flows of the Assets Received differ from the configuration of the cash flows of the Assets Given Up.

The Assets Received was measured at fair value amounting to approximately CNY101.5 million of the Assets Given Up according to valuation report prepared by a third party valuation expert.

Impairment for individual assets

As a result of the Exchange of assets, the property, plant and equipment located in the original mining area cannot be used any more, which led to impairment losses for property, plant and equipment of approximately CNY85.5 million (2019: Nil) recognised in profit or loss.

Impairment tests for cash-generating unit ("CGU")

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU, being an individual coal mine or entity. The carrying values of these individual CGUs were compared to the recoverable amount of the CGUs, which were based predominately on value-in-use.

In 2020, impairment losses for property, plant and equipment of Liujiaba Coal Mine amounting to approximately CNY160.7 million (2019: Nil) were recognised. The recoverable amount of such CGU was approximately CNY454.6 million as at 31 December 2020. Factors leading to the impairment are mainly related to the higher production cost.

Value-in-use calculations use pre-tax cash flow projections based on the 2021 financial budgets approved by management and are extrapolated using the same cash flow projections of the remaining years with changes being made to reflect the estimated changes in future market or economic conditions. Other key assumptions applied in the impairment testing include the future sales volume, coal price and operating cost. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax and non-inflation rate of ranging from 9.66% to 9.93% (2019: 9.62% to 9.64%) as discount rate that reflects specific risks related to the CGUs. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. These estimates and judgments may be significantly affected by unexpected changes in the future market or economic conditions.

12. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land *CNY'000*	Machinery and equipment *CNY'000*	Buildings *CNY'000*	Total *CNY'000*
As at 1 January 2019	–	124,567	2,281	126,848
Additions	2,403	19,974	431	22,808
Depreciation charge	(913)	(16,181)	(923)	(18,017)
Reclassified from property, plant and equipment	54,131	–	–	54,131
As at 31 December 2019 and 1 January 2020	**55,621**	**128,360**	**1,789**	**185,770**
Additions	366	98,769	–	99,135
Depreciation charge	(624)	(19,665)	(689)	(20,978)
Reclassified to property, plant and equipment	–	(21,370)	–	(21,370)
Impairment *	(1,080)	–	–	(1,080)
As at 31 December 2020	**54,283**	**186,094**	**1,100**	**241,477**

* In December 2020, the Department of Natural Resources of Guizhou Province adjusted part of the mining area of Liujiaba Coal Mine in order to facilitate better urban and regional planning (Note 11). As a result, the impairment of right-of-use assets for Liujiaba Coal Mine amounting to approximately CNY1.1 million (2019: Nil) for the year ended 31 December 2020 was recognised, which was related to prepaid land lease payments located in the original mining area.

(b) Lease liabilities

	2020 ***CNY'000***	2019 *CNY'000*
Carrying amount at 1 January	**84,129**	115,580
New leases	**99,135**	22,808
Accretion of interest recognised during the year	**13,064**	5,621
Payments	**(65,842)**	(59,880)
Carrying amount at 31 December	**130,486**	84,129
Analysed into:		
Current portion	**69,366**	47,930
Non-current portion	**61,120**	36,199

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020	2019
	CNY'000	*CNY'000*
Interest on lease liabilities *(Note 6)*	**13,064**	5,621
Depreciation charge of right-of-use assets *(Note 7)*	**20,978**	18,017
Expense relating to short-term leases and other leases with remaining lease terms ended on or before the year end (included in cost of sales)	**151**	1,439
Expense relating to leases of low-value assets (included in administrative expenses)	**493**	388
Total amount recognised in profit or loss	**34,686**	25,465

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	CNY'000	*CNY'000*
Trade receivables	**191,709**	145,620
Less: Provision for impairment	**(55,318)**	(47,912)
	136,391	97,708
Bills receivable	**29,504**	29,179
	165,895	126,887

A credit period of up to three months is granted to customers with an established trading history, otherwise, sales on cash terms or payment in advance are required. Trade receivables are non-interest-bearing.

Trade receivables of approximately CNY123.7 million (31 December 2019: Nil) were pledged as security for short-term loans of CNY100.0 million (31 December 2019: Nil) as at 31 December 2020 (Note 15).

Bills receivable are bills of exchange with maturity of less than one year, and management considers the probability of default as minimal.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	2020	2019
	CNY'000	*CNY'000*
Within 3 months	**58,097**	46,844
3 to 6 months	**9,169**	34,001
6 to 12 months	**55,849**	2,311
Over 12 months	**13,276**	14,552
	136,391	97,708

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	CNY'000	*CNY'000*
At the beginning of the year	**47,912**	47,294
Impairment losses, net	**7,406**	618
At the end of the year	**55,318**	47,912

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit loss on trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**2%**	**9%**	**51%**	**72%**	**98%**	**100%**	
Gross carrying amount (CNY'000)	**125,824**	**10,003**	**7,830**	**1,071**	**2,228**	**44,753**	**191,709**
Expected credit losses (CNY'000)	**2,709**	**880**	**4,015**	**770**	**2,191**	**44,753**	**55,318**
Net carrying amount (CNY'000)	**123,115**	**9,123**	**3,815**	**301**	**37**	**–**	**136,391**

As at 31 December 2019

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Expected credit loss rate	1%	5%	46%	60%	98%	100%	
Gross carrying amount (CNY'000)	83,897	12,931	1,125	2,253	38,850	6,564	145,620
Expected credit losses (CNY'000)	741	709	520	1,349	38,029	6,564	47,912
Net carrying amount (CNY'000)	83,156	12,222	605	904	821	–	97,708

14. TRADE AND BILLS PAYABLES

	2020	2019
	CNY'000	*CNY'000*
Trade payables (a)	**749,122**	710,093
Bills payable	**80,000**	171,900
	829,122	881,993

(a) Included in trade payables were amounts of approximately CNY363.2 million (31 December 2019: CNY414.6 million) due to contractors related to construction as at 31 December 2020.

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2020	2019
	CNY'000	*CNY'000*
Within one year	**360,665**	466,872
More than one year	**388,457**	243,221
	749,122	710,093

Bills payable are bills of exchange with maturity of less than one year. Time deposits of CNY40.0 million (31 December 2019: CNY116.0 million) were pledged to secure the bank bills as at 31 December 2020.

The trade payables are non-interest-bearing and are normally settled on a term of three to six months other than those due to contractors related to construction, which are repayable on terms ranging from three months to one year. The trade payables ageing for more than one year are predominately payables due to contractors related to construction.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020	2019
	CNY'000	*CNY'000*
Current		
Bank and other borrowings – guaranteed	**50,000**	100,000
Bank and other borrowings – secured	**100,000**	–
Bank and other borrowings – unsecured	**–**	2,000
Bank and other borrowings – secured and guaranteed	**20,000**	200,000
Current portion of long term bank and other borrowings – secured and guaranteed	**101,500**	303,000
Current portion of long term bank and other borrowings – guaranteed	**–**	17,000
	271,500	622,000
Non-current		
Bank and other borrowings – secured and guaranteed	**1,632,750**	1,226,500
	1,904,250	1,848,500

Certain of the interest-bearing bank and other borrowings are secured by:

(1) pledges over the Group's mining rights with a carrying amount of approximately CNY545.6 million (31 December 2019: CNY722.6 million) as at 31 December 2020 (Note 11);

(2) pledges over the Company's equity interests in Guizhou Puxin and Guizhou Dayuan as at 31 December 2020 and 2019;

(3) pledges over trade receivables in Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") and Guizhou Puxin with carrying amounts of approximately CNY123.7 million (31 December 2019: Nil) as at 31 December 2020 (Note 13);

(4) pledges over machinery and equipment owned by Guizhou Yongfu with carrying amounts of approximately CNY36.5 million (31 December 2019: Nil) and buildings owned by Guizhou Puxin with carrying amounts of approximately CNY7.6 million (31 December 2019: Nil) as at 31 December 2020 (Note 11); and

(5) the pledge of a deposit in Guizhou Puxin with a carrying amount of CNY51.0 million (31 December 2019: Nil) as at 31 December 2020.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,804.3 million (31 December 2019: CNY1,776.5 million) as at 31 December 2020. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,804.3 million (31 December 2019: CNY1,846.5 million) as at 31 December 2020.

All borrowings are denominated in CNY.

The ranges of the effective interest rates of the Group's bank and other borrowings are as follows:

	2020	2019
	%	*%*
Fixed-rate bank and other borrowings	**4.98~7.00**	7.00~7.50
Floating-rate bank and other borrowings	**4.05~7.35**	4.75~7.35

The maturity profile of the bank and other borrowings as at the end of the reporting period is as follows:

	2020	2019
	CNY'000	*CNY'000*
Bank and other borrowings repayable:		
Within one year or on demand	**271,500**	622,000
In the second year	**1,365,250**	105,000
In the third to fifth years, inclusive	**229,500**	977,500
Beyond five years	**38,000**	144,000
	1,904,250	1,848,500

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2020 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements which indicates that as at 31 December 2020 the Group had net current liabilities of approximately CNY1,337.4 million and shareholders' deficit of approximately CNY551.8 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2020, the coal market was highly volatile due to impacts of the COVID-19 pandemic. The price of coal dropped sharply until late April before a V-shape rebound occurred in May. This was mainly because the recovery of coal demand lagged behind coal supply, which led to temporary excess supply, but demand gradually returned in May as the Chinese economy recovered from the pandemic. The price of coal dropped slightly from July, as demand for coal weakened due to strong competition from hydropower generation. As the winter peak season approached in September, the price of coal rose and soon exceeded the price level in the corresponding period in the prior year. The average price of coal in the second half of 2020 was relatively high compared to the first half, but the overall average price in 2020 was still lower compared to the prior year.

The relatively high market price of coal in the second half of the year contributed to a slight increase in the average selling price of the Group's coal products in 2020 compared to the prior year. Due to disruptions and production delays caused by the pandemic in the first half of 2020, the Group produced and sold more of its coal products in the second half of the year, but the average selling price of the Group's coal products was still adversely affected by the temporary deterioration in coal quality as a result of geological complexities of current mining faces as well as intensified competition from both expanded and upgraded local producers and high-quality products from northern China. The Group's overall production output and sales volume for the whole year of 2020 decreased compared to the prior year. All of the above resulted in a decrease in the Group's gross profit for the year ended 31 December 2020 as compared to the prior year.

In 2020, the Group also incurred an increase in financial costs due to a substantial increase in interest-bearing loans of the Group. In addition, the Group incurred an impairment of mining rights and mining assets, including the impairment of the relevant mining assets resulting from the mining area adjustment of Liujiaba Coal Mine as disclosed in the Business Update Announcement of the Company dated 8 December 2020 and the higher production cost. The above further undermined the Group's profitability for the year ended 31 December 2020.

The Group's operations were impacted by the COVID-19 outbreak and governmental control measures imposed to contain its spread because the movement of its employees was restricted and which led to delays in production and under-capacity operation in the first half of 2020. Demand for coal was similarly negatively impacted by COVID-19 as a result of the sharp decrease in manufacturing and other activity due to the widespread closure of businesses in China and worldwide, with a commensurate impact on the price of coal. In order to actively respond to the government's policy guidance of securing crucial energy supply during the pandemic, the Group formulated a detailed resumption of production and COVID-19 prevention and control work plan. The work plan set out in details how to safely prepare for quick resumption of production, including recording the travel history and monitoring the temperature and health of returning employees, preparing sufficient epidemic prevention supplies and appropriate site for quarantine, carrying out regular disinfection and sterilization in office, production and living areas, conducting safety inspection of all surface and underground facilities and systems, and carrying out potential hazard prevention and control. The Group strictly implemented the work plan, and resumed operations satisfactorily after the outbreak of COVID-19 in the first half of 2020.

Due to frequent coal mine safety incidents outside as well as within Guizhou province where the Group's operations situated, safety policies and supervision in 2020 became increasingly tight nation-wide. The Group has as usual remained highly vigilant on mine safety and has taken various precautions to ensure production safety at its coal mines. That included strengthening the safety management system by formulating and updating various production safety policies and gas control policies, further increasing the frequency of safety inspections, employing professional gas control teams, upgrading relevant production facilities, and enhancing safety-related trainings.

The Group, having regard to the importance of product quality in creating sustainable advantage in future competition, has continued to enhance production capacity and coal quality management. In May and October 2020, two newly constructed large coal washing plants each with annual production capacity of 0.6 million tonnes were completed, and this greatly improved the Group's coal washing capacity and ability to control product quality and optimise product mix. Quality control and safety management is core to production management and is embraced throughout the entire production process. With these measures in place, the Group believes that when the geological conditions improve, it will be able to better utilize its production capacity resulting in improved product quality. The high sieving systems and coal washing plants will allow the Group to perform coal screening, coal washing and efficient coal blending and supply customers with customised coal products of controllable quality. The Group will continue to strengthen the brand name of Feishang Anthracite and retain and further penetrate the high-end market.

Facing the difficult operating environment caused by the pandemic, the Group continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. The Group made especial effort in actively promoting refined management, data management and cost control to ensure that all investments and expenses were appropriate and just in time, reusable materials were recycled, and all mining, production and marketing activities were cost-effective.

As a result of the above internal and external complications, the Group recorded consolidated loss attributable to owners of the parent from continuing operations of approximately CNY345.9 million for the year ended 31 December 2020, representing an increase of approximately 256.4% from approximately CNY97.1 million in the prior year.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's revenue from continuing operations decreased by approximately 11.9% from approximately CNY1,149.7 million in 2019 to approximately CNY1,013.1 million in 2020, of which a decrease of approximately 8.3% contributed to COVID-19. The approximately CNY136.6 million decline in revenue in 2020 was mainly caused by the decrease in sales volume of self-produced anthracite coal, notwithstanding a rise in average selling price of self-produced anthracite coal. The sales volume of self-produced anthracite coal decreased from approximately 3.66 million tonnes in 2019 to approximately 2.81 million tonnes in 2020, representing a decline of approximately 23.2%. This decrease in sales volume was mainly due to (i) the outbreak of COVID-19 and governmental control measures imposed to contain it, which in turn led to decline in production output and weak market demand and resulted in a decrease of approximately 11.0% in sales volume; as well as (ii) the geological complexities of current mine faces at Baiping Coal Mine and Yongsheng Coal Mine. The average selling price net of value-added tax of self-produced anthracite coal rose from CNY314.1 per tonne in 2019 to CNY360.8 per tonne in 2020, representing a rise of approximately 14.9%, mainly as a result of the rise in overall price of coal market in the second half of the year, and the increase in sales volume of self-produced anthracite coal in the second half of 2020 as compared to that in the first half of 2020 due to COVID-19.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to approximately 48.6% and 51.6% of total revenue in 2019 and 2020, respectively, decreased from approximately CNY558.7 million (approximately 1.11 million tonnes sales volume) in 2019 to approximately CNY522.4 million (approximately 1.11 million tonnes sales volume) in 2020. The decrease in revenue from sales of processed coal was due to the drop in average selling price, resulting from the lower coal quality of the current mine face at Yongsheng Coal Mine which provided most of self-produced anthracite coal for processing.

In 2019 and 2020, the Group derived approximately 66.2% and 70.2% of its revenue from anthracite coal sales to its five largest customers, respectively, out of which, one customer and two customers were the power producers in Guizhou province who purchased thermal coal from the Group, respectively. The management of the Group believes that by further expanding the product mix through coal washing and coal blending, the dependency on a limited number of large customers will decrease gradually and the Group's profit margin will increase.

Cost of Sales

The Group's cost of sales from continuing operations decreased by approximately 14.0% from approximately CNY832.6 million in 2019 to approximately CNY715.6 million in 2020. The drop was mainly due to the decrease of approximately 23.2% in sales volume of self-produced anthracite coal, which was partially offset by the increase in labour cost per tonne.

Cost of Sales for Coal Mining

Labour costs in 2020 were approximately CNY223.3 million, representing a decrease of approximately CNY1.6 million, or approximately 0.7%, as compared with approximately CNY224.9 million in 2019. The decrease in labour costs was proportionally lower than the decline in sales volume of self-produced anthracite coal in 2020, because of the rise in labour cost per tonne of coal mining caused by the geological complexities of current mine faces of the Group.

Material, fuel and energy costs in 2020 were approximately CNY120.0 million, a decrease of approximately CNY39.1 million or approximately 24.6%, as compared with approximately CNY159.1 million in 2019. The decreases in material, fuel and energy costs were generally in line with the decrease in sales volume of self-produced anthracite coal.

Depreciation and amortisation in 2020 were approximately CNY242.7 million, representing a decrease of approximately CNY68.6 million, or approximately 22.0%, as compared with approximately CNY311.3 million in 2019. The decrease in depreciation and amortisation in 2020 was caused by the decrease in production volume.

Taxes and levies in 2020 were approximately CNY54.6 million, a decrease of approximately CNY7.1 million or approximately 11.5% as compared with approximately CNY61.7 million in 2019. The decrease in the sales tax and levies, which mainly consisted of ad valorem resource tax, was mainly due to the drop in the revenue in 2020, while the increase in the unit sales tax and levies was mainly due to the rise in the average selling price of anthracite coal.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY60.0 million in 2019 to approximately CNY62.8 million in 2020. This was mainly due to the increase in transportation fee from Dayun Coal Mine and Baiping Coal Mine to the coal beneficiation plant for coal processing, which was partially offset by the decrease in material, fuel and energy costs resulting from the decrease in repair and maintenance of equipment and transport belts.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	**2020**	2019
	CNY/tonne	*CNY/tonne*
Labour costs	**79.5**	61.5
Raw materials, fuel and energy	**42.8**	43.5
Depreciation and amortisation	**86.5**	85.1
Taxes & levies payable to governments	**19.4**	16.9
Other production-related costs	**4.4**	4.2
Total unit cost of sales for coal mining	**232.6**	211.2

Cost Items for Coal Processing Activities	**2020**	2019
	CNY/tonne	*CNY/tonne*
Labour costs	**9.9**	11.6
Materials, fuel and energy	**20.2**	27.5
Depreciation	**7.0**	6.7
Taxes & levies payable to governments	**2.3**	2.7
Transportation fee	**15.0**	5.3
Other coal processing related costs	**2.2**	0.4
Total unit cost of sales for coal processing	**56.6**	54.2

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit from continuing operations decreased by approximately 6.2% from approximately CNY317.1 million in 2019 to approximately CNY297.4 million in 2020, mainly due to the decrease in sales volume of self-produced anthracite coal. The overall gross margin from continuing operations, which is equal to gross profit divided by revenue, slightly increased from approximately 27.6% in 2019 to approximately 29.4% in 2020, primarily because of the rise in the average selling price of anthracite coal as discussed above.

Selling and Distribution Expenses

The selling and distribution expenses from continuing operations decreased by approximately 8.5% from approximately CNY116.4 million in 2019 to approximately CNY106.5 million in 2020, which was primarily attributable to the decrease in transportation fee arising from the decrease in sales volume of thermal coal, which the Group was responsible for delivery cost which has been included in the selling price of thermal coal.

Administrative Expenses

The administrative expenses from continuing operations increased by approximately 3.4% from approximately CNY135.3 million in 2019 to approximately CNY139.9 million in 2020. The increase was mainly due to the increase in loss arising from temporary suspension production of Dayun Coal Mine.

Impairment of Financial Assets

The Group made the provision for impairment of trade receivables from continuing operations of approximately CNY7.4 million in 2020 compared to approximately CNY0.6 million in 2019. The increase in impairment of trade receivables was mainly due to the increase in the expected credit losses.

Impairment Losses on Property, Plant and Equipment

The Group had impairment losses on property, plant and equipment from continuing operations of approximately CNY246.2 million in 2020, resulting from the mining area adjustment of Liujiaba Coal Mine by the relevant authority in order to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020 and the higher production cost incurred by Liujiaba Coal Mine. No impairment loss on property, plant and equipment incurred in 2019.

Other Operating Expenses

Other operating expenses from continuing operations decreased to approximately CNY22.5 million in 2020 from approximately CNY33.7 million in 2019 which was primarily due to the decrease in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group in 2020 and Liujiaba Coal Mine receipt the price subsidy of thermal coal from municipal government for supply of thermal coal to the power plant.

Operating Loss/Profit

As a result of the foregoing, the Group recorded the operating loss from continuing operations of approximately CNY225.0 million in 2020, as compared to the operating profit of approximately CNY31.1 million in 2019.

Finance Costs

The finance costs from continuing operations increased by approximately 79.0% from approximately CNY92.1 million in 2019 to approximately CNY164.8 million in 2020, which was principally due to an increase in interest expenses on interest-bearing bank and other borrowings arising from the increase in interest-bearing bank and other borrowings.

Income Tax

The Group had an income tax credit from continuing operations of approximately CNY40.9 million in 2020, as compared to an income tax expense of approximately CNY17.5 million in 2019. The decrease in income tax expense was mainly due to the decrease in current profit before income tax and the additional reversal of deferred tax liabilities resulting from the increased impairment loss on property, plant and equipment of Liujiaba Coal Mine.

Loss for the year from Continuing Operations

The loss from continuing operations increased to approximately CNY346.9 million in 2020 from approximately CNY75.8 million in 2019. The increase in loss from continuing operations in 2020 was mainly caused by (i) the decrease of approximately CNY19.7 million in gross profit resulting from the decrease in sales volume of self-produced anthracite coal; (ii) the increase of approximately CNY246.2 million in impairment losses on property, plant and equipment resulting from the mining area adjustment of Liujiaba Coal Mine and the higher production cost incurred by Liujiaba Coal Mine; (iii) the increase of approximately CNY72.7 million in finance costs mainly due to the increase in interest-bearing bank and other borrowings; (iv) the increase of approximately CNY6.8 million in impairment of trade receivables; and (v) the increase of approximately CNY4.6 million in administrative expenses mainly due to the increase in loss arising from temporary suspension production of Dayun Coal Mine. The increase in loss was partially offset by (i) the decrease of approximately CNY58.4 million in income tax expense mainly due to the decrease in current profit before income tax and the additional reversal of deferred tax liabilities; (ii) the decrease of approximately CNY9.9 million in selling expenses mainly due to the decrease in transportation fee; and (iii) the decrease of approximately CNY11.2 million in other operating expenses mainly due to the decrease in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group and Liujiaba Coal Mine receipt the price subsidy of thermal coal from municipal government.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased to approximately CNY345.9 million in 2020 from approximately CNY97.1 million in 2019. The reasons for the increase in the loss attributable to owners of the parent from continuing operations in 2020 have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

Since March 2013, the operations of Gouchang Coal Mine had been suspended pending the acquisition of a nearby coal mine and achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group closed down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation on 5 January 2016.

In 2020, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

(b) Discontinued operation of Guizhou Dayuan

On 24 May 2019, Guizhou Puxin, a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Baoshun, an independent third party, to dispose its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin, at an aggregate consideration of CNY55.0 million. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. The consideration shall be payable by Baoshun in various tranches upon the satisfactions of the subsequent conditions. During the year of 2019, Guizhou Puxin received tranches of CNY50.0 million from Baoshun. Up to 31 December 2020, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2019 and 31 December 2020, the Group had net current liabilities of approximately CNY1,629.1 million and approximately CNY1,337.4 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2020. As at 31 December 2020, the Group had cash and cash equivalents of approximately CNY29.6 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 2020, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY271.5 million. As at 31 December 2020, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY1,632.8 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him, and some of the Group's bank borrowings are secured by pledges of the mining rights, certain buildings, bank deposit and trade receivables in Guizhou Puxin and equity interests in Guizhou Puxin and Guizhou Dayuan and trade receivables and certain machinery and equipment in Guizhou Yongfu. As at 31 December 2020, the Group had loans amounting to approximately CNY762.5 million with fixed interest rates ranging from 4.98% to 7.00% per annum. The remaining loans held by the Group as at 31 December 2020 had floating interest rates ranging from 4.05% to 7.35% per annum.

Pledge of Assets of the Group

As at 31 December 2019 and 31 December 2020, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,776.5 million and approximately CNY1,804.3 million, respectively, and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,846.5 million and approximately CNY1,804.3 million, respectively.

As at 31 December 2019 and 31 December 2020, certain mining rights of the Group with carrying amounts of approximately CNY722.6 million and approximately CNY545.6 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,729.5 million and approximately CNY1,734.3 million, respectively.

As at 31 December 2019 and 31 December 2020, the Company's equity interest in Guizhou Puxin and Guizhou Dayuan were pledged to secure bank loans with carrying amounts of CNY737.5 million and CNY697.5 million, respectively.

As at 31 December 2020, certain buildings, machinery and equipment owned by the Group with carrying amounts of approximately CNY44.1 million were pledged to secure the loan with a carrying amount of CNY20.0 million, and as at 31 December 2019, no buildings, machinery and equipment owned by the Group were pledged to secure loans.

As at 31 December 2020, certain trade receivables owned by the Group with carrying amounts of approximately CNY123.7 million were pledged to secure loans with carrying amounts of CNY100.0 million, and as at 31 December 2019, no trade receivables owned by the Group were pledged to secure loans.

As at 31 December 2020, a bank deposit owned by the Group with a carrying amount of CNY51.0 million were pledged to secure the loan with a carrying amount of CNY50.0 million, and as at 31 December 2019, no bank deposit owned by the Group were pledged to secure loans.

CAPITAL COMMITMENTS AND EXPECTED SOURCE OF FUNDING

As at 31 December 2020, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY119.3 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 1,218 full time employees (not including 1,337 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounting to approximately CNY350.2 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2020 (2019: CNY331.2 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme of the Company.

The emolument policy of the employees of the Group has been set up on the basis of their merit, qualifications and competence. The emoluments of the Directors are determined having regard to the Group's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

OUTLOOK

Following the completion of massive overall capacity reduction in the coal industry, the focus of supply-side reform since 2020 has shifted to further encouraging steady and orderly release of high-quality production capacity to ensure energy security, consolidate the achievements of supply-side reform, and improve the safety level of coal mines. Nevertheless, investment in fixed assets in the coal industry has been weak, so the release of newly constructed production capacity has notably slowed down. Also, under tight environmental policies and safety supervision, more backward production facilities will be eliminated. The expansion of coal supply in the future should be mild and steady. Under the policy guidance to further promote mergers and restructurings of coal enterprises, coal industry concentration is expected to increase further. One obvious achievement of the supply-side reform in the coal industry is a marked increase in concentration and elasticity of supply, which will facilitate production management and control. The result is higher quality and more reliable domestic supply. Coal import is not expected to increase under strict import regulations. The above is in line with China's pursuit of economic self-reliance by promoting the domestic economic circulation model in the midst of the pandemic.

On the demand side, as COVID-19 in China has generally been kept under control, economic activities in China have rapidly recovered. The targeted and highly supportive fiscal and monetary stabilising policies implemented by the Chinese government are expected to further boost China's GDP growth by building a strong domestic market and supporting the domestic and international "dual circulation" strategy, which will lend steady support to overall electricity consumption as well as coal demand. Investment in fixed assets, real estate and infrastructure construction is expected to maintain solid growth, which will then support coal demand from downstream industries including the production of iron and steel and building materials. The chemical industry will recover following the pickup in international oil price, further boosting coal demand. The average price of coal in the near future is expected to slightly increase. Overall, supply and demand relationship in the coal market is expected to remain healthy in the future, and the fluctuations of coal price will most likely be narrowed and remain within a reasonable range. However, the extent to which the evolving COVID-19 pandemic will impact the global economy and the coal industry is highly uncertain. Any widespread resurgence of COVID-19 in China and around the world could prolong the deterioration in economic conditions, as control policies such as large-scale quarantines and travel restrictions, if escalate, could cause significant disruptions to industrial production and logistical and supply chains. The above could cause further delays in and even suspensions of production and further declines in market demand and prices, which will negatively impact the Group's results of operations.

In the future, the degree of coal industry concentration is expected to further increase, giving large coal enterprises more bargaining power. Market competition in Guizhou province, especially among high-quality products, will further intensify. Nevertheless, the economic development in south-western China is relatively fast, and Guizhou province is an important base of China's west-to-east electricity transmission project and also a target province of China's transportation infrastructure development strategy, so coal demand in Guizhou province should be well supported in the long term. In order to succeed in future competition, the Group intends to actively focus on coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products. The Group will also continue to expand production output in pursuit of economies of scale and opportunities for better product diversification. Meanwhile, the Group will, during the current period of a weak market and temporary deterioration in coal quality caused by geological complexities of current mining faces, continue to make strategic preparations for concentrated mining of high-quality coal in the coming years, in order to place itself in an advantageous position for competing in the high-quality coal market in the future. The Group is committed to its business strategy through vigorously (i) promoting the expansion of production capacity, coal washing facilities and transportation system; (ii) realising comprehensive mining mechanisation and intelligent production management; (iii) strengthening production safety management and environmental protection efforts and, most importantly; (iv) supplying customers with diversified and customised coal products to retain high-quality customers and penetrate the surrounding coal market.

For a considerable period of time, the status of coal as the primary source of energy in China has remained unchanged. It is widely used in thermal power generation, iron and steel production, building materials production, and the chemical industry. Clean energy is currently developing fast and taking up a bigger proportion of overall power generation, but there are limits to this growth due to reliability, economic efficiency and availability of economically viable resources. However, China's ambitious target to achieve carbon neutrality by 2060 is expected to gradually reduce coal consumption and production in the long term, but it calls for an urgent need for breakthroughs in climate-friendly technologies, large-scale green investments, and the implementation of national climate policies and financial supports. Therefore the Company is cautiously positive about the coal industry in the middle to long term. The Company will also consider other potential business projects that can provide its shareholders with promising returns and benefit the Group as a whole when suitable opportunities arise.

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. Throughout the year ended 31 December 2020, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

Code provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. HAN Weibing assumes the role of both the chairman and the chief executive officer of the Company. The Board considers that this arrangement is in the best interests of the Group as it allows for efficient discharge of the executive functions of the chief executive officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and senior management as well as the relevant Board committees. The Board is therefore of the view that there are adequate measures in place to balance power and safeguard shareholders' interests.

SUBSEQUENT EVENTS

On 19 January 2021, Jinsha Juli Energy Co., Ltd. received the remaining loan facility amounting to CNY40.0 million out of the total CNY100.0 million long-term bank loan from Bank of Guiyang, to be repaid on 18 January 2022. The purpose of the loan is to pay the purchase of coal. The loan bears a fixed interest rate of 6.96% per annum.

On 8 February 2021, Guizhou Puxin and Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**"), and CCTEG Financial Leasing Co., Ltd. ("**CCTEG**") entered into the sale agreement for the sale of the relevant machinery and equipment to CCTEG for an aggregate consideration of CNY50.0 million and the leaseback agreement for the lease of the relevant machinery and equipment from CCTEG for an aggregate consideration of CNY57.5 million. On 8 February 2021 and 26 March 2021, Guizhou Dayun received CNY30.0 million and CNY20.0 million, respectively.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2020 in this preliminary announcement have been reviewed by the audit committee of the Company and have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2020 by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The 2021 annual general meeting of the Company is scheduled to be held on 31 May 2021 (the "**2021 AGM**"). The notice of 2021 AGM will be published on the website of the Company at www.fsanthracite.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

Pursuant to the requirements of the Listing Rules, the 2020 annual report of the Company will set out all information required by the Listing Rules and will be published on the website of the Company (www.fsanthracite.com) and the designated website of the Stock Exchange (www.hkexnews.hk) on or before 30 April 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 May 2021 to Monday, 31 May 2021 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the 2021 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 May 2021.

APPRECIATION

The chairman of the Company would like to take this opportunity to express his appreciation to the staff and management team of the Group for their hard work and dedication during the year. The chairman of the Company would also like to express his sincere gratitude to all its shareholders for their continuous support.

By Order of the Board
Feishang Anthracite Resources Limited
HAN Weibing
Chairman and Chief Executive Officer

Hong Kong, 31 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. HAN Weibing, Mr. HU Lubao, Mr. TAM Cheuk Ho, Mr. WONG Wah On Edward and Mr. YUE Ming Wai Bonaventure; and the independent non-executive Directors of the Company are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. WANG Xiufeng.