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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Revenue from continuing operations increased by approximately 5.4% to approximately CNY447.9 million for the six months ended 30 June 2021 from approximately CNY424.8 million for the six months ended 30 June 2020
- Gross profit from continuing operations increased by approximately 29.3% to approximately CNY124.3 million for the six months ended 30 June 2021 from approximately CNY96.2 million for the six months ended 30 June 2020
- Loss attributable to owners of the parent from continuing operations decreased by approximately 14.3% to approximately CNY90.1 million for the six months ended 30 June 2021 from approximately CNY105.2 million for the six months ended 30 June 2020
- Basic loss per share from continuing operations was approximately CNY0.07

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding six months ended 30 June 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June 2021 CNY'000 (Unaudited)	Six months ended 30 June 2020 CNY'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	4	**447,905**	424,787
Cost of sales		**(323,566)**	(328,618)
Gross profit		**124,339**	96,169
Selling and distribution expenses		**(50,132)**	(49,829)
Administrative expenses		**(60,424)**	(65,135)
Other operating expenses, net		**(8,164)**	(9,626)
OPERATING PROFIT/(LOSS)		**5,619**	(28,421)
Finance costs	5	**(80,928)**	(81,126)
Interest income		**1,830**	2,569
Share of loss of an associate		**(248)**	(387)
Non-operating expenses, net		**(2,859)**	(423)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(76,586)**	(107,788)
Income tax (expense)/benefit	7	**(15,265)**	3,968
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(91,851)**	(103,820)
DISCONTINUED OPERATIONS			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3	**(2,108)**	(1,662)
LOSS FOR THE PERIOD		**(93,959)**	(105,482)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June **2021** ***CNY'000*** **(Unaudited)**	 2020 *CNY'000* (Unaudited)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations	*8*	**(90,121)**	(105,194)
From discontinued operations	*8*	**(2,103)**	(1,659)
		(92,224)	(106,853)
Non-controlling interests			
From continuing operations		**(1,730)**	1,374
From discontinued operations		**(5)**	(3)
		(1,735)	1,371
		(93,959)	(105,482)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (CNY per share)			
– For loss from continuing operations	*8*	**(0.07)**	(0.08)
– For loss from discontinued operations	*8*	*****	*
– Net loss per share		**(0.07)**	(0.08)
Diluted (CNY per share)			
– For loss from continuing operations	*8*	**(0.07)**	(0.08)
– For loss from discontinued operations	*8*	*****	*
– Net loss per share		**(0.07)**	(0.08)

* *Insignificant*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(93,959)**	(105,482)
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,750**	(2,825)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,701)**	2,862
Other comprehensive income for the period, net of tax	**49**	37
TOTAL COMPREHENSIVE LOSS, NET OF TAX	**(93,910)**	(105,445)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**(90,072)**	(105,157)
From discontinued operations	**(2,103)**	(1,659)
	(92,175)	(106,816)
Non-controlling interests		
From continuing operations	**(1,730)**	1,374
From discontinued operations	**(5)**	(3)
	(1,735)	1,371
	(93,910)	(105,445)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	**30 June 2021 CNY'000 (Unaudited)**	31 December 2020 CNY'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,502,269**	2,529,718
Right-of-use assets	*11(a)*	**297,831**	241,477
Rehabilitation fund		**8,966**	9,412
Prepayments and other receivables		**62,499**	59,243
Investment in an associate		**788**	1,036
Deferred tax assets	*7*	**38,725**	41,497
TOTAL NON-CURRENT ASSETS		**2,911,078**	2,882,383
CURRENT ASSETS			
Inventories		**32,887**	54,252
Trade and bills receivables	*12*	**99,246**	165,895
Prepayments and other receivables		**100,531**	99,826
Financial assets at fair value through profit or loss		**6,431**	6,412
Pledged deposits		**20,520**	92,450
Cash and cash equivalents		**29,968**	29,587
		289,583	448,422
Assets of a disposal group classified as held for sale	*3(b)*	**75,630**	76,197
TOTAL CURRENT ASSETS		**365,213**	524,619
TOTAL ASSETS		**3,276,291**	3,407,002
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*13*	**620,475**	829,122
Other payables and accruals		**629,437**	514,532
Interest-bearing bank and other borrowings	*14*	**296,320**	271,500
Lease liabilities	*11(b)*	**104,308**	69,366
Due to an associate		**316**	1,392
Interest payable		**36,773**	33,427
Income tax payable		**58,474**	43,305
Mining right payables		**43,780**	43,780
Deferred income		**2,569**	2,452
		1,792,452	1,808,876
Liabilities directly associated with the assets classified as held for sale	*3(b)*	**54,294**	53,147
TOTAL CURRENT LIABILITIES		**1,846,746**	1,862,023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

	Notes	**30 June 2021** *CNY'000* **(Unaudited)**	31 December 2020 *CNY'000* (Audited)
NON-CURRENT LIABILITIES			
Due to related companies		**322,311**	312,552
Interest-bearing bank and other borrowings	*14*	**1,581,432**	1,632,750
Lease liabilities	*11(b)*	**81,496**	61,120
Deferred tax liabilities	*7*	**62,162**	62,092
Deferred income		**14,522**	15,381
Asset retirement obligations		**13,355**	12,907
TOTAL NON-CURRENT LIABILITIES		**2,075,278**	2,096,802
TOTAL LIABILITIES		**3,922,024**	3,958,825
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(828,827)**	(736,652)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(827,746)**	(735,571)
NON-CONTROLLING INTERESTS		**182,013**	183,748
TOTAL EQUITY		**(645,733)**	(551,823)
TOTAL LIABILITIES AND EQUITY		**3,276,291**	3,407,002

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the Reporting Period have been prepared in accordance with the International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial information has been prepared on the historical cost basis. The interim condensed consolidated financial information is presented in Chinese Yuan ("**CNY**") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30 June 2021, the Group had net current liabilities of approximately CNY1,481.5 million (31 December 2020: CNY1,337.4 million) and total assets less current liabilities of approximately CNY1,429.5 million (31 December 2020: CNY1,545.0 million).

Going concern

As at 30 June 2021, the Group had net current liabilities of approximately CNY1,481.5 million and shareholders' deficit of approximately CNY645.7 million. In view of these circumstances, the Directors have given consideration to the future liquidity and 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, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

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 the 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 interim condensed consolidated financial information of the Group has been prepared on a going concern basis.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the financial position and performance of the Group as there were no lease payments reduced or waived by the lessors as a result of the COVID-19 pandemic during the period.

2. OPERATING SEGMENT INFORMATION

During the Reporting Period, 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 resource 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 Reporting Period, revenue derived from sales to the three largest customers amounted to 35.3%, 13.1% and 10.4% of the consolidated revenue, respectively. During the six months ended 30 June 2020, revenue derived from sales to the three largest customers amounted to 43.5%, 12.8% and 10.2% of the consolidated revenue, respectively.

3. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China (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 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 proposals 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. During the Reporting Period, 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 interim condensed consolidated statement of profit or loss. There was no significant impact of the discontinued operations on the condensed consolidated statement of profit or loss during the Reporting Period.

* *For identification purpose only*

The results of Gouchang Coal Mine for the Reporting Period and six months ended 30 June 2020 are presented below:

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Finance costs	**(1)**	(1)
Non-operating expenses, net	**(392)**	(297)
LOSS BEFORE INCOME TAX	**(393)**	(298)
Income tax expense	**–**	–
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	**(393)**	(298)
Attributable to:		
Owners of the parent	**(388)**	(295)
Non-controlling interests	**(5)**	(3)
	(393)	(298)

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Operating activities	**(508)**	(238)
Financing activities	**560**	222
Net cash inflow/(outflow)	**52**	(16)

(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 at an aggregate cash consideration of CNY55.0 million. Guizhou Dayuan is mainly engaged in extraction and sales of anthracite coal in Nayang 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 30 June 2021, 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 Reporting Period and six months ended 30 June 2020 are presented below:

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Revenue	**4,460**	–
Cost of sales	**(2,597)**	–
Gross profit	**1,863**	–
Selling expenses	**(42)**	–
Administrative expenses	**(3,428)**	(133)
OPERATING LOSS	**(1,607)**	(133)
Finance costs	**(69)**	(58)
Non-operating expenses, net	**(39)**	–
LOSS BEFORE INCOME TAX	**(1,715)**	(191)
Income tax expense	**–**	(1,173)
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	**(1,715)**	(1,364)
Attributable to:		
Owners of the parent	**(1,715)**	(1,364)
Non-controlling interests	**–**	–
	(1,715)	(1,364)

The major classes of assets and liabilities of Guizhou Dayuan classified as held for sale as at 31 December 2020 and 30 June 2021 are as follows:

	At 30 June 2021	At 31 December 2020
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Assets		
Property, plant and equipment	**66,976**	63,733
Inventories	**449**	657
Rehabilitation fund	**1,500**	1,500
Prepayments and other receivables	**6,275**	6,858
Trade receivable	**27**	901
Cash and cash equivalents	**403**	2,548
Assets of a disposal group classified as held for sale	**75,630**	76,197
Liabilities		
Trade payables	**2,350**	2,174
Other payables and accruals	**29,790**	28,880
Deferred tax liabilities	**20,363**	20,363
Asset retirement obligations	**1,791**	1,730
Liabilities directly associated with the assets classified as held for sale	**54,294**	53,147
Net assets directly associated with the disposal group	**21,336**	23,050

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Operating activities	**877**	(240)
Investing activities	**(3,243)**	–
Financing activities	**221**	300
Net cash (outflow)/inflow	**(2,145)**	60

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to ordinary equity holders of the parent from discontinued operations	**(2,103)**	(1,659)
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 from discontinued operations (CNY per share):		
Basic	*	*
Diluted	*	*

* *Insignificant*

4. REVENUE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**447,905**	424,787

(i) Disaggregated revenue information

	Six month ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Types of goods		
Sale of coal	**451,034**	424,597
Coal trading	**(3,129)**	190
	447,905	424,787
Geographic market		
Mainland China	**447,905**	424,787
Timing of revenue recognition		
Goods transferred at a point of time	**447,905**	424,787

(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.

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**68,351**	69,984
Interest on lease liabilities	**6,875**	6,814
Interest on payables for mining rights	**1,073**	1,073
Total interest expense	**76,299**	77,871
Bank charges	**550**	925
Discount interest	**3,631**	1,910
Accretion expenses	**448**	420
	80,928	81,126

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Crediting:		
Interest income on bank deposits	**1,830**	2,569
Government grant	**1,778**	1,200
Charging:		
Cost of inventories sold[(a)]	**257,639**	275,494
Sales tax and surcharge	**22,911**	21,296
Utilisation of the safety fund and production maintenance fund	**43,016**	31,828
Cost of sales	**323,566**	328,618
Employee benefit expenses	**152,186**	127,097
Depreciation, depletion and amortisation:		
– Property, plant and equipment	**107,444**	138,470
– Right-of-use assets	**15,702**	9,813
(Reversal of impairment)/impairment of trade and bills receivables *(Note 12)*	**(3,114)**	2,808
Gains from financial assets at fair value through profit or loss	**201**	305
Repairs and maintenance	**10,381**	24,567
Losses arising from temporary suspension of production	**–**	7,660

(a) Included in the cost of inventories sold was approximately CNY219.2 million for the Reporting Period (six months ended 30 June 2020: approximately CNY224.4 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.

7. INCOME TAX EXPENSE/(BENEFIT) FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the British Virgin Islands ("**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 Reporting Period (six months ended 30 June 2020: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. 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 had tax losses during the Reporting Period and six months ended 30 June 2020. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**") collectively, the tax rate applicable to PRC group entities was 25% during the Reporting Period (six months ended 30 June 2020: 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.

As of 30 June 2021, the Group did not recognise deferred tax liabilities for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China as there were no undistributed earnings available due to the aggregate loss of these subsidiaries.

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**12,423**	9,002
Deferred – Mainland China	**2,842**	(12,970)
	15,265	(3,968)

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

	At 30 June	At 31 December
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Deferred tax assets		
Accrued liabilities and other payables	**5,632**	4,502
Capitalised pilot run income	**10,891**	11,324
Tax losses	**37,521**	41,672
Temporary difference related to lease	**3,628**	–
Depreciation of property, plant and equipment	**27,357**	26,741
Bad debt provision	**5,648**	5,648
	90,677	89,887
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment*	**(114,114)**	(110,482)
Net deferred tax liabilities	**(23,437)**	(20,595)
Classification in the interim condensed consolidated statement of financial position:		
Deferred tax assets	**38,725**	41,497
Deferred tax liabilities	**(62,162)**	(62,092)

* Included in the deferred tax liabilities were deferred tax liabilities of approximately CNY69.3 million and approximately CNY70.9 million recognised relating to the fair value adjustment on property, plant and equipment as at 30 June 2021 and 31 December 2020, respectively.

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 the profitability of these coal mining subsidiaries based on their production plans, product mix, forecasted selling prices, and the related production and operational costs, where strong profits are expected.

Accordingly, management considered that it is probable that the Group, in the 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.

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

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

	Six months ended 30 June	
	2021	2020
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to ordinary equity holders of the parent:		
from continuing operations	**(90,121)**	(105,194)
from discontinued operations	**(2,103)**	(1,659)
	(92,224)	(106,853)
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	**(0.07)**	(0.08)
from discontinued operations	*	*
	(0.07)	(0.08)
Diluted		
from continuing operations	**(0.07)**	(0.08)
from discontinued operations	*	*
	(0.07)	(0.08)

* *Insignificant*

The Company did not have any potential diluted shares throughout the Reporting Period. Accordingly, the diluted loss per share amounts are the same as the basic loss per share amounts.

9. DIVIDEND

No dividend has been paid or declared by the Company for the Reporting Period (six months ended 30 June 2020: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress amounted to approximately CNY20.0 million (six months ended 30 June 2020: approximately CNY12.9 million) and approximately CNY59.8 million (six months ended 30 June 2020: approximately CNY79.2 million), respectively.

During the Reporting Period, the total depreciation accrued was approximately CNY107.4 million (six months ended 30 June 2020: approximately CNY139.7 million).

As at 30 June 2021, certain mining rights with a carrying amount of approximately CNY538.1 million (31 December 2020: approximately CNY545.6 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,683.5 million (31 December 2020: approximately CNY1,734.3 million) (Note 14).

As at 30 June 2021, certain machinery and equipment with a carrying amount of approximately CNY88.5 million (31 December 2020: approximately CNY36.5 million) and nil of buildings (31 December 2020: approximately CNY7.6 million) were pledged to secure bank loans with a carrying amount of CNY44.3 million (31 December 2020: CNY20.0 million) (Note 14).

As at 30 June 2021, certain buildings with a carrying amount totalling approximately CNY95.0 million (31 December 2020: approximately CNY86.0 million) were without title certificates.

11. LEASE

(a) Right-of-use assets

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

	Leasehold land	Machinery and equipment	Buildings	Total
	CNY'000	*CNY'000*	*CNY'000*	*CNY'000*
As at 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 and 1 January 2021	**54,283**	**186,094**	**1,100**	**241,477**
Additions	**451**	**67,479**	**4,364**	**72,294**
Depreciation charge	**(166)**	**(14,897)**	**(639)**	**(15,702)**
Reclassified to property, plant and equipment	**–**	**(238)**	**–**	**(238)**
As at 30 June 2021	**54,568**	**238,438**	**4,825**	**297,831**

(b) Lease liabilities

	At 30 June 2021 *CNY'000* (Unaudited)	At 31 December 2020 *CNY'000* (Audited)
Carrying amount at the beginning of period/year	**130,486**	84,129
New leases	**72,294**	99,135
Accretion expense	**6,875**	13,064
Payments	**(23,851)**	(65,842)
Carrying amount at the end of period/year	**185,804**	130,486
Analysed into:		
Current portion	**104,308**	69,366
Non-current portion	**81,496**	61,120

12. TRADE AND BILLS RECEIVABLES

	At 30 June 2021 *CNY'000* (Unaudited)	At 31 December 2020 *CNY'000* (Audited)
Trade receivables	**122,395**	191,709
Less: Loss allowance for impairment of trade receivables	**(52,204)**	(55,318)
	70,191	136,391
Bills receivable	**29,055**	29,504
	99,246	165,895

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

Trade receivables of approximately CNY53.5 million (31 December 2020: approximately CNY123.7 million) were pledged as security for a short-term loan of CNY50.0 million (31 December 2020: CNY100.0 million) as at 30 June 2021 (Note 14).

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

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

	At 30 June 2021	At 31 December 2020
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Within 3 months	**27,193**	58,097
3 to 6 months	**13,300**	9,169
6 to 12 months	**13,456**	55,849
Over 12 months	**16,242**	13,276
	70,191	136,391

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

	At 30 June 2021	At 31 December 2020
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**55,318**	47,912
(Reversal of impairment)/impairment losses, net *(Note 6)*	**(3,114)**	7,406
At the end of the period/year	**52,204**	55,318

The Group applies the simplified approach to provide 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.

13. TRADE AND BILLS PAYABLES

	At 30 June 2021 *CNY'000* **(Unaudited)**	At 31 December 2020 *CNY'000* (Audited)
Trade payables[(a)]	**600,475**	749,122
Bills payable	**20,000**	80,000
	620,475	829,122

(a) Included in trade payables was approximately CNY390.2 million (31 December 2020: approximately CNY363.2 million) due to construction-related contractors as at 30 June 2021.

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

	At 30 June 2021 *CNY'000* **(Unaudited)**	At 31 December 2020 *CNY'000* (Audited)
Within one year	**34,269**	360,665
More than one year	**566,206**	388,457
	600,475	749,122

Bills payable are bills of exchange with maturity of less than one year. Pledged deposits of CNY10.0 million (31 December 2020: CNY40.0 million) were pledged to secure the bank bills as at 30 June 2021.

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2021 *CNY'000* **(Unaudited)**	At 31 December 2020 *CNY'000* (Audited)
Current		
Bank and other borrowings – guaranteed	**90,000**	50,000
Bank and other borrowings – secured	**60,000**	100,000
Bank and other borrowings – secured and guaranteed	**–**	20,000
Current portion of long-term bank and other borrowings – secured and guaranteed	**146,320**	101,500
	296,320	271,500
Non-current		
Bank and other borrowings – secured and guaranteed	**1,581,432**	1,632,750
	1,581,432	1,632,750
	1,877,752	1,904,250

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 CNY538.1 million (31 December 2020: approximately CNY545.6 million) as at 30 June 2021 (Note 10);

(2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayuan and Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**") as at 30 June 2021 and pledges over the Company's equity interests in Guizhou Puxin and Guizhou Dayuan as at 31 December 2020;

(3) pledges over trade receivables in Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") with a carrying amount of approximately CNY53.5 million (31 December 2020: approximately CNY123.7 million in Guizhou Yongfu and Guizhou Puxin) as at 30 June 2021 (Note 12);

(4) pledges over machinery and equipment owned by Guizhou Dayun with a carrying amount of approximately CNY88.5 million (31 December 2020: approximately CNY36.5 million owned by Guizhou Yongfu) and nil of buildings (31 December 2020: approximately CNY7.6 million owned by Guizhou Puxin) as at 30 June 2021 (Note 10); and

(5) the pledge of a deposit in Guizhou Puxin with a carrying amount of CNY10.5 million (31 December 2020: CNY51.0 million) as at 30 June 2021.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings of up to approximately CNY1,817.8 million (31 December 2020: approximately CNY1,804.3 million) as at 30 June 2021. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings of up to approximately CNY1,817.8 million (31 December 2020: approximately CNY1,804.3 million) as at 30 June 2021.

All borrowings are denominated in CNY.

EXTRACT OF REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following is an extract of report on review of interim condensed consolidated financial information for the Reporting Period issued by the Group's independent auditor:

"Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the interim condensed consolidated financial information which indicates that as at 30 June 2021, the Group had net current liabilities of approximately CNY1,481.5 million and shareholders' deficit of approximately CNY645.7 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 conclusion is not modified in respect of this matter."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2021, the world continued to fight against the COVID-19 pandemic and promoted the vaccination of its population while making great efforts to achieve economic recovery. Although external risks and uncertainties continued to create challenges for China's economy and Chinese enterprises, China was generally successful in keeping COVID-19 under continuous control and achieved stable economic growth. In the first half of 2021, China's gross domestic product ("**GDP**") grew at a year-on-year rate of 12.7%, or a two-year average rate of 5.3%.

Within the coal industry, in the first half of 2021 overall coal demand was relatively strong, and this was due to relatively strong growth in the four major downstream industries, especially the thermal power sector. The iron and steel industry, building materials industry and chemical industry also enjoyed relatively high growth rates. In contrast with the growth of coal demand, the growth of coal supply in the first half of 2021 was weak due to a combination of factors. The release of production capacity was slow due to weak investment in fixed assets in the coal industry. Frequent coal mine accidents in several major coal-producing provinces attracted great attention from both national and local relevant authorities and triggered extremely tight safety inspection and supervision, leading to widespread suspension of operations lasting from two days to one month. Meanwhile, coal import decreased sharply, adding to the shortage of supply. As a result of the above mismatch between coal demand and supply, the price of coal in the first half of 2021 exhibited relatively high volatility and a strong upward trend. For the first half of 2021, the average price of thermal coal in ports was approximately CNY807.0 per ton, representing a year-on-year increase of approximately 50.6%, but this high percentage increase was in part due to last year's low base as a result of the impacts of the outbreak of COVID-19.

In the first half of 2021, the Group's operations were affected by a combination of internal and external factors. As disclosed in the Business Update announcement of the Company dated 28 June 2021, the geological complexities of current mining faces encountered by the Group continued well into the first half of 2021, and thus the decline in both quantity and quality of the Group's coal products was longer than expected. This continued to dampen the average selling price of the Group's coal products. Although the average selling price increased as compared to the corresponding period in 2020 due to the current strong coal market demand and overall price trend, the increase was lower than expectation. Furthermore, in the first half of 2021 in Jinsha County where major coal mines of the Group are located, safety accidents in other coal mines unrelated to the Group caused the relevant local authorities to impose stringent coal mine safety supervision measures across the board on top of the national standards. The Group as usual remained highly vigilant on mine safety and took various measures to ensure proactive compliance with the national and the additional stringent local requirements. This slowed down tunnelling advancement and brought about temporary stoppages of coal production of the Group, resulting in an increase in unit production cost and a decrease in overall production output and sales volume. Also, the Group continued to incur financial burden due to the existing interest-bearing loans carried forward from 2020, which further undermined the Group's profitability.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's revenue increased by approximately 5.4% from approximately CNY424.8 million for the six months ended 30 June 2020 to approximately CNY447.9 million for the Reporting Period. The approximate CNY23.1 million increase in revenue during the Reporting Period was mainly contributed by the rise in the average selling price of self-produced anthracite coal, which was partially offset by the decrease in sales volume of self-produced anthracite coal. The sales volume of self-produced anthracite coal decreased from approximately 1.26 million tonnes for the six months ended 30 June 2020 to approximately 1.17 million tonnes for the Reporting Period, representing a decline of approximately 7.1%. The decrease in sales volume during the Reporting Period was mainly due to (i) the longer-than-expected geological complexities of current mining faces encountered by the Group; as well as (ii) the compliance with additional stringent safety supervision measures imposed by the relevant government authorities due to safety accidents in other coal mines unrelated to the Group. The average selling price net of value-added tax of self-produced anthracite coal rose from CNY336.5 per tonne for the six months ended 30 June 2020 to CNY385.9 per tonne for the Reporting Period, representing an increase of approximately 14.7%, mainly as a result of the current strong coal market demand.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to 45.1% and 49.0% of total revenue for the six months ended 30 June 2020 and the Reporting Period, respectively, increased from approximately CNY191.4 million (0.40 million tonnes sales volume) for the six months ended 30 June 2020 to approximately CNY219.3 million (0.41 million tonnes sales volume) during the Reporting Period. The increase in revenue from sales of processed coal was mainly due to an increase of CNY54.1 per tonne in the average selling price of processed coal. The reason for the increase in the average selling price has been discussed above.

Cost of Sales

The Group's cost of sales decreased by approximately 1.5% from approximately CNY328.6 million for the six months ended 30 June 2020 to approximately CNY323.6 million for the Reporting Period. The drop was mainly due to the decrease of approximately 7.1% in sales volume of self-produced anthracite coal, which was partially offset by the increase in production cost per tonne.

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY105.5 million, representing an increase of approximately CNY21.2 million, or approximately 25.1%, as compared with approximately CNY84.3 million for the six months ended 30 June 2020. Labour costs increased, while sales volume of self-produced anthracite coal decreased during the Reporting Period, because of the rise in labour cost per tonne of coal mining caused by the geological complexities of current mine faces at Dayun Coal Mine and Yongfu Coal Mine and the additional stringent safety supervision measures in Jinsha County where the Group's major coal mines were located.

Material, fuel and energy costs for the Reporting Period were approximately CNY53.7 million, representing an increase of approximately CNY0.5 million, or approximately 0.9%, as compared with approximately CNY53.2 million for the six months ended 30 June 2020. Material, fuel and energy costs increased while sales volume of self-produced anthracite coal decreased during the Reporting Period because the Group incurred additional repair and maintenance of mine roadways and tunnels due to the additional stringent safety supervision measures imposed by the local government.

Depreciation and amortisation for the Reporting Period were approximately CNY109.6 million, as compared with approximately CNY137.1 million for the six months ended 30 June 2020. The decrease in depreciation and amortisation for the Reporting Period was caused by (i) the decrease in production volume of Dayun Coal Mine and Yongsheng Coal Mine; and (ii) the higher unit construction costs of mine faces of Liujiaba Coal Mine and Dayun Coal Mine Coal Mine over the Reporting Period having been mostly depreciated during the same period of last year.

Taxes and levies for the Reporting Period were approximately CNY21.3 million, representing an increase of approximately CNY1.5 million, or approximately 7.6%, as compared with approximately CNY19.8 million for the six months ended 30 June 2020. The increase in sales taxes and levies, which mainly consisted of ad valorem resource tax, was mainly due to the increase in revenue arising from the rise in the average selling price of anthracite coal during the Reporting Period.

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, decreased from approximately CNY30.2 million for the six months ended 30 June 2020 to approximately CNY27.8 million for the Reporting Period. This was mainly due to the drop in material, fuel and energy costs resulting from the decrease in repair and maintenance of equipment and transport belts during the Reporting Period, which was partially offset by the increase in transportation fee from Dayun Coal Mine and Baiping Coal Mine to the coal beneficiation plant for coal processing and the increase in depreciation resulting from the increase in property, plant and equipment.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	Six months ended 30 June **2021** *CNY/tonne*	2020 *CNY/tonne*
Labour costs	**90.3**	66.8
Raw materials, fuel and energy	**46.0**	42.2
Depreciation and amortisation	**93.7**	108.6
Taxes & levies payable to governments	**18.3**	15.7
Other production-related costs	**4.8**	3.1
Total unit cost of sales for coal mining	**253.1**	236.4

Cost Items for Coal Processing Activities	Six months ended 30 June **2021** *CNY/tonne*	2020 *CNY/tonne*
Labour costs	**9.8**	9.6
Materials, fuel and energy	**21.7**	38.9
Depreciation	**11.6**	9.0
Taxes & levies payable to governments	**3.8**	3.2
Transportation fee	**16.9**	13.2
Other coal processing related costs	**4.1**	2.2
Total unit cost of sales for coal processing	**67.9**	76.1

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit increased by approximately 29.3% from approximately CNY96.2 million for the six months ended 30 June 2020 to approximately CNY124.3 million for the Reporting Period. The overall gross margin, which is equal to gross profit divided by revenue, increased from approximately 22.6% for the six months ended 30 June 2020 to approximately 27.8% for the Reporting Period. The increase in overall gross profit and gross margin was mainly contributed by the rise in the average selling price of anthracite coal as discussed above.

Loss for the Reporting Period from Continuing Operations

The loss from continuing operations decreased to approximately CNY91.9 million for the Reporting Period from approximately CNY103.8 million for the six months ended 30 June 2020. The decrease in loss from continuing operations for the Reporting Period was mainly caused by (i) the increase of approximately CNY28.1 million in gross profit mainly resulting from the rise in average selling price during the Reporting Period; (ii) the decrease of approximately CNY4.7 million in administrative expenses mainly due to the decrease in losses arising from temporary suspension of production at Dayun Coal Mine; and (iii) the decrease of approximately CNY1.5 million in other operating expenses mainly due to the increase in the government grant received in relation to the Group's daily operations. The decrease in loss was partially offset by (i) the increase of approximately CNY19.2 million in income tax expense mainly due to the increase in current profit before income tax and the decrease in deferred income tax benefit resulting from the decrease in unutilised tax losses; and (ii) the increase of approximately CNY2.4 million in non-operating expenses mainly due to the increase in safety production fines arising from the additional stringent safety supervision measures in Jinsha County.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations decreased to approximately CNY90.1 million during the Reporting Period from approximately CNY105.2 million for the six months ended 30 June 2020. The reasons for the decrease in the loss attributable to owners of the parent for the Reporting Period from continuing operations 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 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 and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation on 5 January 2016.

During the Reporting Period, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as discontinued operation.

(b) Discontinued operation of Dayuan Coal Mine

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 extraction and sales of anthracite coal in Nayong County, Guizhou Province, the PRC. The consideration shall be payable by Baoshun in various tranches upon the satisfaction of the subsequent conditions. During the year of 2019, Guizhou Puxin received tranches of consideration totalling CNY50.0 million from Baoshun. As at 30 June 2021, 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 2020 and 30 June 2021, the Group had net current liabilities of approximately CNY1,337.4 million and approximately CNY1,481.5 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 Reporting Period. As at 30 June 2021, the Group had cash and cash equivalents of approximately CNY30.0 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2021, 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 CNY296.3 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY1,581.4 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 and a bank deposit in Guizhou Puxin and equity interests in Guizhou Puxin, Guizhou Dayuan and Guizhou Dayun and certain trade receivables in Guizhou Yongfu and certain machinery and equipment in Guizhou Dayun. As at 30 June 2021, the Group had loans amounting to approximately CNY831.8 million with fixed interest rates ranging from 4.976% to 7.00% per annum. The remaining loans held by the Group as at 30 June 2021 had floating interest rates ranging from 3.85% to 7.35% per annum.

Pledge of Assets of the Group

As at 31 December 2020 and 30 June 2021, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,804.3 million and approximately CNY1,817.8 million, respectively and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,804.3 million and approximately CNY1,817.8 million, respectively.

As at 31 December 2020 and 30 June 2021, certain mining rights of the Group with carrying amounts of approximately CNY545.6 million and approximately CNY538.1 million, respectively were pledged to secure bank loans with carrying amounts of CNY1,734.3 million and CNY1,683.5 million, respectively.

As at 31 December 2020, the Company's equity interest in Guizhou Puxin and Guizhou Dayuan were pledged to secure bank loans with a carrying amount of CNY697.5 million, and as at 30 June 2021, the Company's equity interest in Guizhou Puxin, Guizhou Dayuan and Guizhou Dayun were pledged to secure bank loans with a carrying amount of approximately CNY721.8 million.

As at 31 December 2020, certain buildings, machinery and equipment owned by the Group with a carrying amount of approximately CNY44.1 million were pledged to secure the loan with a carrying amount of CNY20.0 million, and as at 30 June 2021, certain machinery and equipment owned by the Group with a carrying amount of approximately CNY88.5 million were pledged to secure the loan with a carrying amount of approximately CNY44.3 million.

As at 31 December 2020 and 30 June 2021, certain trade receivables owned by the Group with carrying amounts of approximately CNY123.7 million and approximately CNY53.5 million, respectively were pledged to secure loans with carrying amounts of CNY100.0 million and CNY50.0 million, respectively.

As at 31 December 2020 and 30 June 2021, certain bank deposits owned by the Group with the carrying amounts of CNY51.0 million and CNY10.5 million, respectively were pledged to secure the loans with carrying amounts of CNY50.0 million and CNY10.0 million, respectively.

Currency Exposure and Management

Since the majority of the Group's business activities are transacted in CNY, the Directors consider that the Group's risk in foreign exchange is insignificant.

Capital Commitments

As at 30 June 2021, the Group had contractual capital commitments in respect of coal mines mainly for construction of new tunnels and purchase of machinery and equipment amounting to approximately CNY45.6 million.

Contingent Liabilities

As at 30 June 2021, except for the bank borrowings, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Gearing Ratio

As at 31 December 2020 and 30 June 2021, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year/Reporting Period and multiplying by 100%) was 136.1% and 144.2%, respectively. The gearing ratio increased in 2021 as the Group recorded a loss for the Reporting Period.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 1,186 full time employees (not including 1,474 workers provided by third party labour agencies) from continuing operations for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY162.1 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2020: approximately CNY135.3 million). The Group recognises the importance of 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 share option scheme adopted by the Company.

PROSPECTS

Supply-side reform in the coal industry continues in 2021. More backward production facilities will be eliminated, and production capacity will continue to increasingly concentrate in the northern and north-western part of China. Under China's ambitious target to achieve carbon neutrality by 2060, major coal enterprises have become more cautious about capacity expansion. Meanwhile, strict control over mine safety and close monitoring of environmental compliance are expected to be carried out on a regular basis, so the expansion of production capacity and output in the future should be mild and restricted. Also, coal import is not expected to increase under strict import regulations and increasing international coal price.

On the demand side, the targeted and highly supportive fiscal and monetary stabilising policies implemented by the Chinese government have been quite successful in building a strong domestic market and supporting China's GDP growth, which will lend steady support to overall electricity consumption as well as coal demand. The iron and steel industry and building materials industry are expected to maintain solid growth. The chemical industry has started to benefit from the rise in international oil price, further boosting coal demand. In the second half of 2021, the average price of coal is expected to remain relatively high. In the future, periodic and regional mismatch between coal demand and supply might occur from time to time, resulting in higher coal price volatility.

In view of the stringent safety and environmental regulatory environment and increasingly intensified competition from both local and northern coal producers, the Group will continue to attach great importance to production safety management and environmental protection efforts, while actively focusing on high-quality production capacity expansion, coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products and maintain high-end customers. The Group will also continue to improve production efficiency and intelligence and enhance refined management and cost control. Facing the longer-than-expected temporary deterioration in coal quality caused by geological complexities of current mining faces, the Group will 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 Company will also consider other 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 COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

Mr. HAN Weibing is the chairman and chief executive officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision of the CG Code with Mr. HAN Weibing being the chairman and chief executive officer of the Company concurrently. The Board considers 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 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 16 July 2021, Jinsha Juli Energy Co., Ltd. ("**Jinsha Juli**") and Jiangxi Province Haiji Financial Leasing Co., Ltd. entered into a factoring agreement. Under the factoring agreement, on 19 July 2021, Jinsha Juli received a short-term loan amounting to CNY50.0 million to finance its working capital on security of a pledge over its trade receivables of approximately CNY61.9 million. The short-term loan, which bears a fixed interest rate of 6.92% per annum, is repayable on 18 July 2022.

On 2 August 2021, Guizhou Puxin and Guizhou Dayun, and CCTEG Financial Leasing Co., Ltd. ("**CCTEG**") entered into a finance lease agreement, pursuant to which CCTEG agreed to acquire the relevant coal machinery and equipment as per the instructions given by Guizhou Puxin and Guizhou Dayun and to lease the relevant coal machinery and equipment to Guizhou Puxin and Guizhou Dayun at a total rental amount of approximately CNY58.1 million. And Guizhou Dayun, CCTEG and CCTEG International Engineering Co., Ltd. ("**CCTEG (International)**") entered into a sale and purchase agreement, pursuant to which CCTEG agreed to acquire the relevant coal machinery and equipment from CCTEG (International) as per the instructions given by Guizhou Dayun at a total consideration of approximately CNY52.6 million. For details of the Group's finance lease arrangement, please refer to the announcement of the Company dated 3 August 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the required standard set out in the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS

The Company has an audit committee ("**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. WANG Xiufeng. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group's interim condensed consolidated financial information for the Reporting Period.

The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the Company's auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagement 2410 *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's independent review report to the Board is included in the interim report to be sent to shareholders.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Reporting Period containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.fsanthracite.com**) in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to all staff and management team of the Group for their devoted efforts and hard work during the Reporting Period. I would also like to express my sincere gratitude to all the shareholders of the Company for their continuous support.

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

Hong Kong, 31 August 2021

As at the date of this announcement, the executive Directors are Mr. HAN Weibing, Mr. HE Jianhu, Mr. TAM Cheuk Ho, Mr. WANG Weidong, Mr. WONG Wah On Edward, Mr. YANG Guohua and Mr. YUE Ming Wai Bonaventure; and the independent non-executive Directors are Mr. CHAN Him Alfred, Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. WANG Xiufeng.