



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



2021

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HAN Weibing (*Chairman and Chief Executive Officer*)
Mr. WANG Weidong (*Deputy Chairman*)
Mr. HE Jianhu
Mr. TAM Cheuk Ho
Mr. YANG Guohua
Mr. WONG Wah On Edward
Mr. YUE Ming Wai Bonaventure

Independent Non-executive Directors

Mr. CHAN Him Alfred
Mr. HUANG Zuye
Mr. LO Kin Cheung
Mr. WANG Xiufeng

AUTHORISED REPRESENTATIVES

Mr. WONG Wah On Edward
Mr. YUE Ming Wai Bonaventure

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

AUDIT COMMITTEE

Mr. LO Kin Cheung (*Chairman*)
Mr. HUANG Zuye
Mr. WANG Xiufeng

NOMINATION COMMITTEE

Mr. HUANG Zuye (*Chairman*)
Mr. LO Kin Cheung
Mr. WANG Xiufeng
Mr. TAM Cheuk Ho

REMUNERATION COMMITTEE

Mr. WANG Xiufeng (*Chairman*)
Mr. HUANG Zuye
Mr. LO Kin Cheung
Mr. HAN Weibing

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. WANG Xiufeng (*Chairman*)
Mr. HAN Weibing
Mr. YANG Guohua

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

Maples Corporate Services (BVI) Limited
Kingston Chambers, P.O. Box 173
Road Town, Tortola
British Virgin Islands

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

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COMPANY'S WEBSITE

<http://www.fsanthracite.com>

COMPANY'S STOCK CODE

1738.HK

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS

(As to Hong Kong Law)
Lau, Horton & Wise LLP

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

PRINCIPAL BANKERS

Bank of Guizhou Co., Ltd.
China Minsheng Banking Corp., Ltd.
Bank of China
Bank of Chongqing
Bank of Guiyang

FINANCIAL HIGHLIGHTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the “Board”) of directors (the “Directors”) of Feishang Anthracite Resources Limited (the “Company”), I present 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”).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

SUMMARY OF EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

- During the Reporting Period, total production volume of the Group was approximately 0.85 million tonnes. As at 30 June 2021, the total proved and probable reserve of the four coal mines under Australian Code prepared by the Joint Ore Reserves Committee (the "JORC Code") was approximately 169.85 million tonnes (calculated as if all the coal mines (excluding Gouchang Coal Mine and Dayuan Coal Mine) were wholly owned by the Group and adjusted by deducting those reserves extracted by the Group's mining activities from 1 August 2013 to 30 June 2021). For details, please refer to the Summary of Mine Properties as set out on page 60 of this report.

Compliance

During the Reporting Period, as far as the Company is aware, there was no material breach of and/or non-compliance with applicable laws and regulations by the Group that had a significant impact on the business and operations of the Group.

Risk Management and Internal Control

The Board has overall responsibility for the effective risk management and internal control systems of the Group and is committed to the maintenance of good corporate governance, practices and procedures of the Group. In accordance with 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"), the Group continuously improves the risk management and internal control systems, and updates a number of policies. The Board believes that these measures will strengthen the risk management and internal control systems of the Group. As far as the Group is aware, there were no fraudulent practices brought to the Group's attention during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 attributable to 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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

MANAGEMENT DISCUSSION AND ANALYSIS

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 attributable to 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 a discontinued operation.

(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 equity transfer agreement with Guiyang Baoshun Energy Co., Ltd. ("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 People's Republic of China (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Mining Co., Ltd. ("Guizhou Dayun") and certain trade receivables in Guizhou Yongfu Mining Co., Limited ("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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, roads 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

AUDIT COMMITTEE

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.

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

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner	15,000,000	1	
	Long position	Interest held by his controlled corporations	724,029,650		
			739,029,650		53.53
Laitan Investments Limited	Long position	Interest held by its controlled corporation	724,029,650	1	52.44
Feishang Group Limited	Long position	Beneficial owner	604,029,650	1	43.75
		Interest held by its Controlled corporation	120,000,000	1	8.69
China Natural Resources, Inc.	Long position	Beneficial owner	120,000,000	1	8.69
Mr. LI Zongyang	Long position	Beneficial owner	125,000,000	2	
	Long position	Interest held by his controlled corporations	57,740,000	2	
			182,740,000		13.24

Notes:

- The 604,029,650 ordinary shares are directly held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie. The remaining 120,000,000 ordinary shares are directly held by China Natural Resources, Inc., a controlled corporation of which 62.87% is held by Feishang Group Limited. According to the SFO, both Mr. LI Feilie and Laitan Investments Limited are deemed to have interests in the 724,029,650 ordinary shares held by Feishang Group Limited and China Natural Resources, Inc.
- Mr. LI Zongyang is Mr. LI Feilie's son. The 57,740,000 ordinary shares are directly held by Field Rich (China) Limited, which is wholly owned by Mr. LI Zongyang.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

(I) The Company

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	20,000,000	1.45
Mr. TAM Cheuk Ho	Long position	Beneficial owner	14,096,300	1.02

(II) Associated Corporations (within the meaning of the SFO)

China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	400,000	1.05
Mr. TAM Cheuk Ho	Long position	Beneficial owner	281,926	0.74

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND OTHER CORPORATION

Other than the share option as disclosed under the heading of "Share Option Scheme of the Company" below, at no time during the period under review was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, 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

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 interest 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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.

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.

OTHER INFORMATION

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Mr. HU Lubao resigned as an executive Director on 31 May 2021.

Mr. HE Jianhu was elected as an executive Director on 31 May 2021.

Mr. WANG Weidong was elected as an executive Director and appointed as Deputy Chairman on 31 May 2021.

Mr. YANG Guohua were elected as an executive Director and appointed as a member of the corporate social responsibility committee of the Company on 31 May 2021.

Mr. CHAN Him Alfred was elected as an independent non-executive Director on 31 May 2021.

Save as disclosed above, the Directors are not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2020 Annual Report of the Company.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 23 December 2013 (the "Date of Adoption") (the "Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company (the "Shares") subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and for an effective period of 10 years from the Date of Adoption. The Share Option Scheme is an incentive scheme and is established to enable the Group to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company's business and that of its subsidiaries. The Eligible Persons include (a) any employee, director or consultant of the Company or any subsidiary; or (b) any other person who has contributed to the success of the listing of the Company on the Stock Exchange, in each case, as determined by the Board. The eligibility of an Eligible Person will be determined by the Board with reference to his or her past and expected commitment and contribution to the Company and/or the subsidiaries.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the offer date. The minimum period for which a share option must be held before it can be exercised would be determined by the Board.

The total number of Shares in respect of which options may be granted under the Share Option Scheme as refreshed was 138,054,580 Shares (the "Refreshed Scheme Mandate Limit"), representing 10% of the Shares in issue as at the date of approval of the Refreshed Scheme Mandate Limit. The Refreshed Scheme Mandate Limit was approved by shareholders of the Company on 31 May 2017 by ordinary resolution. The listing approval in respect of the Shares which may be issued on exercise of the options under the Share Option Scheme was granted by the Listing Committee of the Stock Exchange on 2 June 2017. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, unless approved by the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK\$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the Company's shareholders.

OTHER INFORMATION

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Persons (subject to any adjustments made pursuant to the terms and conditions of the Share Option Scheme) and shall be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of a Share.

Consideration of HK\$1 is payable by each Eligible Person for the grant of option.

As at 30 June 2021, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 138,054,580 Shares available for issue under the Share Option Scheme (representing 10.0% of the existing issued Shares of the Company as at the date of this report).

INDEPENDENT REVIEW REPORT

For the six months ended 30 June 2021



Ernst & Young
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Quarry Bay, Hong Kong

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To the board of directors of Feishang Anthracite Resources Limited

(Incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 59, which comprises the condensed consolidated statement of financial position of Feishang Anthracite Resources Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 CNY1,481.5 million and shareholders’ deficit of 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.

Ernst & Young
Certified Public Accountants
Hong Kong
31 August 2021

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)	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	7	1,830	2,569
Share of loss of an associate		(248)	(387)
Non-operating expenses, net	6	(2,859)	(423)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	(76,586)	(107,788)
Income tax (expense)/benefit	9	(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)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations	10	(90,121)	(105,194)
From discontinued operations	10	(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)

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)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (CNY per share)			
– For loss from continuing operations	10	(0.07)	(0.08)
– For loss from discontinued operations	10	*	*
– Net loss per share		(0.07)	(0.08)
Diluted (CNY per share)			
– For loss from continuing operations	10	(0.07)	(0.08)
– For loss from discontinued operations	10	*	*
– 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 CNY'000 (Unaudited)	2020 CNY'000 (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

30 June 2021

	Notes	30 June 2021 CNY'000 (Unaudited)	31 December 2020 CNY'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,502,269	2,529,718
Right-of-use assets	13(a)	297,831	241,477
Rehabilitation fund	14	8,966	9,412
Prepayments and other receivables	17	62,499	59,243
Investment in an associate		788	1,036
Deferred tax assets	9	38,725	41,497
TOTAL NON-CURRENT ASSETS		2,911,078	2,882,383
CURRENT ASSETS			
Inventories	15	32,887	54,252
Trade and bills receivables	16	99,246	165,895
Prepayments and other receivables	17	100,531	99,826
Financial assets at fair value through profit or loss		6,431	6,412
Pledged deposits	18	20,520	92,450
Cash and cash equivalents	18	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	19	620,475	829,122
Other payables and accruals	20	629,437	514,532
Interest-bearing bank and other borrowings	21	296,320	271,500
Lease liabilities	13(b)	104,308	69,366
Due to an associate	26(c)	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	22	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)

30 June 2021

	Notes	30 June 2021 CNY'000 (Unaudited)	31 December 2020 CNY'000 (Audited)
NON-CURRENT LIABILITIES			
Due to related companies	26(c)	322,311	312,552
Interest-bearing bank and other borrowings	21	1,581,432	1,632,750
Lease liabilities	13(b)	81,496	61,120
Deferred tax liabilities	9	62,162	62,092
Deferred income	22	14,522	15,381
Asset retirement obligations	23	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	24	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

Han Weibing

Chairman and Executive Director

Yue Ming Wai Bonaventure

Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Attributable to owners of the parent									
	Share capital	Share premium account*	Safety fund and production maintenance fund*	Special reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)	
At 1 January 2020	1,081	204,524	276,807	30,724	(897,911)	5,141	(379,634)	184,802	(194,832)
Loss for the period	-	-	-	-	(106,853)	-	(106,853)	1,371	(105,482)
Exchange differences on translation of foreign operations	-	-	-	-	-	37	37	-	37
Total comprehensive loss for the period	-	-	-	-	(106,853)	37	(106,816)	1,371	(105,445)
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	32,172	-	(32,172)	-	-	-	-
At 30 June 2020	1,081	204,524	308,979	30,724	(1,036,936)	5,178	(486,450)	186,173	(300,277)
At 1 January 2021	1,081	204,524	328,832	30,724	(1,306,036)	5,304	(735,571)	183,748	(551,823)
Loss for the period	-	-	-	-	(92,224)	-	(92,224)	(1,735)	(93,959)
Exchange differences on translation of foreign operations	-	-	-	-	-	49	49	-	49
Total comprehensive loss for the period	-	-	-	-	(92,224)	49	(92,175)	(1,735)	(93,910)
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	4,967	-	(4,967)	-	-	-	-
At 30 June 2021	1,081	204,524	333,799	30,724	(1,403,227)	5,353	(827,746)	182,013	(645,733)

* These reserve accounts comprise the consolidated negative reserves of CNY828.8 million (30 June 2020: consolidated negative reserves of CNY487.5 million) as at 30 June 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 CNY'000 (Unaudited)	2020 CNY'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		105,109	(14,088)
Interest received		1,830	2,569
Interest paid		(72,954)	(70,121)
Income tax paid		(1,009)	(5,236)
Net cash generated from/(used in) operating activities		32,976	(86,876)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(69,969)	(69,809)
Receipt of a government grant		780	500
Receive from/(purchase of) financial assets at fair value through profit or loss		183	(1,520)
Net cash used in investing activities		(69,006)	(70,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		97,750	216,000
Repayments of interest-bearing bank and other borrowings		(124,248)	(71,500)
Decrease in restricted bank deposits		70,480	28,962
Advances from a related company		289,557	502,360
Repayments to a related company		(279,798)	(423,405)
Principal portion of lease payments		(16,976)	(42,994)
Net cash generated from financing activities		36,765	209,423
NET INCREASE IN CASH AND CASH EQUIVALENTS		735	51,718
Net foreign exchange difference		49	37
Cash and cash equivalents at the beginning of the period		29,587	42,417
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		30,371	94,172
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	18	29,968	94,172
Cash and bank balance attributed to a disposal group classified as held for sale	3(b)	403	202
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		30,371	94,374

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 six months ended 30 June 2021 has been prepared in accordance with 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 CNY1,481.5 million (31 December 2020: CNY1,337.4 million) and total assets less current liabilities of 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 CNY1,481.5 million and shareholders' deficit of CNY645.7 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. ("Feishang Enterprise"), 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.

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 (continued)

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 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

2. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2021, 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 six months ended 30 June 2021, 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 six months ended 30 June 2021, 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 interim condensed consolidated statement of profit or loss during the six months ended 30 June 2021.

* For identification purpose only

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. DISCONTINUED OPERATIONS (continued)

(a) Discontinued operation of Gouchang Coal Mine (continued)

The results of Gouchang Coal Mine for the six months ended 30 June 2021 and 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 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 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. DISCONTINUED OPERATIONS (continued)

- (b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“Guizhou Dayuan”) (continued)

The results of Guizhou Dayuan for the six months ended 30 June 2021 and 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)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. DISCONTINUED OPERATIONS (continued)

- (b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“Guizhou Dayuan”) (continued)

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 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (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 receivables	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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

3. DISCONTINUED OPERATIONS (continued)

- (b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“Guizhou Dayuan”) (continued)

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

	Six months ended 30 June	
	2021 CNY'000 (Unaudited)	2020 CNY'000 (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 CNY'000 (Unaudited)	2020 CNY'000 (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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

4. REVENUE FROM CONTINUING OPERATIONS

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

(i) Disaggregated revenue information

	Six month ended 30 June	
	2021 CNY'000 (Unaudited)	2020 CNY'000 (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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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. NON-OPERATING EXPENSES, NET FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2021	2020
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Government grant (Note 7)	1,778	1,200
Surcharges for late tax payments	(576)	(122)
Safety production fines	(4,125)	(1,118)
Loss on disposal of property, plant and equipment	(25)	–
Others	89	(383)
	(2,859)	(423)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

7. 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 (Note 6)	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 (Note 8)	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 receivables (Note 16)	(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 CNY219.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

8. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2021 CNY'000 (Unaudited)	2020 CNY'000 (Unaudited)
Wages, salaries and allowances	137,110	118,482
Contribution to pension plans (a)	10,358	5,998
Housing funds (a)	2,397	1,835
Welfare and other expenses	12,193	9,011
Sub-total	162,058	135,326

- (a) According to the PRC state regulations, the employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government and government-sponsored housing funds. These subsidiaries are required to contribute certain percentages of their payroll costs for those qualified urban employees to the central pension scheme as well as the housing funds.

Employee benefits charged to the loss from continuing operations are analysed as follows:

	Six months ended 30 June	
	2021 CNY'000 (Unaudited)	2020 CNY'000 (Unaudited)
Total employee benefits accrued for the period	162,058	135,326
Less:		
Amount included in inventories	(2,722)	(1,109)
Amount included in property, plant and equipment	(7,150)	(7,120)
Amount charged to loss from continuing operations (Note 7)	152,186	127,097

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

9. 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 six months ended 30 June 2021 (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 six months ended 30 June 2021 and 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 six months ended 30 June 2021 (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)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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

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

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (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 CNY69.3 million and 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

10. 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 CNY'000 (Unaudited)	2020 CNY'000 (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 period. Accordingly, the diluted loss per share amounts are the same as the basic loss per share amounts.

11. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress amounted to CNY20.0 million (six months ended 30 June 2020: CNY12.9 million) and CNY59.8 million (six months ended 30 June 2020: CNY79.2 million), respectively.

During the six months ended 30 June 2021, the total depreciation accrued was CNY107.4 million (six months ended 30 June 2020: CNY139.7 million).

As at 30 June 2021, certain mining rights with a carrying amount of CNY538.1 million (31 December 2020: CNY545.6 million) were pledged to secure bank loans with a carrying amount of CNY1,683.5 million (31 December 2020: CNY1,734.3 million) (Note 21).

As at 30 June 2021, certain machinery and equipment with a carrying amount of CNY88.5 million (31 December 2020: CNY36.5 million) and nil of buildings (31 December 2020: CNY7.6 million) were pledged to secure bank loans with a carrying amount of CNY44.3 million (31 December 2020: CNY20.0 million) (Note 21).

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

13. LEASES

(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 CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

13. LEASES (continued)

(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

14. REHABILITATION FUND

The rehabilitation fund represents restricted cash set aside by the Group in banks and cash placed with authorities for the purposes of future environmental rehabilitation as well as the settlement of asset retirement obligations.

15. INVENTORIES

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Spare parts and consumables	30,710	31,086
Coal	3,987	24,976
Less: Provision for impairment	(1,810)	(1,810)
	32,887	54,252

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

16. 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 CNY53.5 million (31 December 2020: 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 21).

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 and net of loss allowance, is as follows:

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

16. TRADE AND BILLS RECEIVABLES (continued)

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

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
At the beginning of the period/year	55,318	47,912
(Reversal of impairment)/impairment losses, net (Note 7)	(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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

17. PREPAYMENTS AND OTHER RECEIVABLES

The balances consist of prepayments and other receivables at cost of:

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Current:		
Prepaid spare parts and consumables purchases	30,011	28,102
Deposits	18,766	22,208
Staff advances	9,752	7,172
Withheld social security	27,173	27,373
Value-added tax recoverable	2,160	1,972
Prepaid transportation fee	3,681	8,620
Prepaid coals for trading purpose	5,922	5,213
Others	10,614	6,714
Less: Provision for impairment	(7,548)	(7,548)
	100,531	99,826
Non-current:		
Prepayments for construction-related work	45,581	39,965
Prepayments for equipment purchases	17,452	17,640
Prepayments for mining plan design	1,858	1,419
Others	1,121	3,732
Less: Provision for impairment	(3,513)	(3,513)
	62,499	59,243
	163,030	159,069

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. PREPAYMENTS AND OTHER RECEIVABLES (continued)

The movements in provision for impairment of prepayments and other receivables are as follows:

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Current:		
At the beginning of the period/year	7,548	4,154
Impairment losses recognised	–	3,394
Sub-total	7,548	7,548
Non-current:		
At the beginning of the period/year	3,513	3,012
Impairment losses recognised	–	501
Sub-total	3,513	3,513
At the end of the period/year	11,061	11,061

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Cash and bank balances	50,488	122,037
Less: Pledged deposits:		
Pledged and restricted for bank bills (Note 19)	(10,020)	(40,000)
Pledged and restricted for bank loans (Note 21)	(10,500)	(51,000)
Restricted bank deposits	–	(1,450)
	(20,520)	(92,450)
Cash and cash equivalents	29,968	29,587

- (i) Pledged deposits mainly include deposits of CNY10.0 million (31 December 2020: CNY40.0 million) held as security for bank bills, a deposit of CNY10.5 million held as security for bank loans (31 December 2020: CNY51.0 million).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

(ii) Deposits and cash and cash equivalents are denominated in the following currencies:

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
CNY	50,236	121,713
Hong Kong dollar	252	324
	50,488	122,037

Cash and cash equivalents are principally CNY-denominated deposits placed with banks in the PRC. The CNY is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange CNY into other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

19. 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 CNY390.2 million (31 December 2020: CNY363.2 million) due to construction-related contractors as at 30 June 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

19. TRADE AND BILLS PAYABLES (continued)

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 (Note 18).

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.

20. OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Deposits from contractors	101,586	103,033
Social security payable (a)	92,622	90,301
Payroll payable	48,877	46,380
Contract liabilities (b)	252,182	139,065
Other taxes payable	47,172	48,884
Professional fee	2,081	3,969
Payables for emergency rescue of the coal mine	3,667	3,667
Geological hazard compensation	6,651	4,675
Receipts from disposal of a subsidiary	50,000	50,000
Others	24,599	24,558
	629,437	514,532

(a) The social security payable consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the Group's employees.

(b) Contract liabilities include short-term advances received to deliver coal.

Other payables are non-interest-bearing and have an average term of three months.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

21. 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 CNY538.1 million (31 December 2020: CNY545.6 million) as at 30 June 2021 (Note 12);
- (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 CNY53.5 million (31 December 2020: CNY123.7 million in Guizhou Yongfu and Guizhou Puxin) as at 30 June 2021 (Note 16);
- (4) pledges over machinery and equipment owned by Guizhou Dayun with a carrying amount of CNY88.5 million (31 December 2020: CNY36.5 million owned by Guizhou Yongfu) and nil of buildings (31 December 2020: CNY7.6 million owned by Guizhou Puxin) as at 30 June 2021 (Note 12); 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 (Note 18).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

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

All borrowings are denominated in CNY.

22. DEFERRED INCOME

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
At the beginning of period/year	17,833	17,835
Additions	780	2,500
Amortised during the period/year	(1,522)	(2,502)
At the end of period/year	17,091	17,833
Portion classified as current liabilities	(2,569)	(2,452)
Non-current portion	14,522	15,381

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

23. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations primarily relate to the closure of mines, which includes dismantling mining-related structures and the reclamation of land upon exhaustion of coal reserves.

The following table describes the changes to the Group's asset retirement obligation liabilities:

	Amount CNY'000
At 1 January 2020	12,068
Accretion expenses	839
At 31 December 2020 and 1 January 2021 (Audited)	12,907
Accretion expenses	448
At 30 June 2021 (Unaudited)	13,355

24. SHARE CAPITAL

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.001 each (31 December 2020: 100,000,000,000 ordinary shares of HK\$0.001 each)	79,960	79,960
Issued and fully paid:		
1,380,545,800 ordinary shares of HK\$0.001 each (31 December 2020: 1,380,545,800 ordinary shares of HK\$0.001 each)	1,081	1,081

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

25. COMMITMENTS

Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	At 30 June 2021 CNY'000 (Unaudited)	At 31 December 2020 CNY'000 (Audited)
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	44,022	117,736
– Capital contribution to an associate	1,600	1,600
	45,622	119,336

26. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following transactions with related parties during the period:

(a) Commercial transactions with related parties

Commercial transactions with related parties are summarised as follows:

	Six months ended 30 June 2021 CNY'000 (Unaudited)	2020 CNY'000 (Unaudited)
Payment of its share of office rental, rates and others to Anka Consultants Limited (“Anka”) (i)/(ii)	311	422
Purchase of materials and equipment maintenance from Guizhou Longfei Technology Development Co., Ltd. (“Longfei”) (iii)	–	4,421
Share of office rental to Feishang Enterprise (i)/(iv)	82	82

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (continued)

(a) Commercial transactions with related parties (continued)

- (i) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) On 1 July 2016, the Company and China Natural Resources, Inc. ("CHNR"), a related company which is controlled by the controlling shareholder of the Group, signed the office sharing agreement with Anka, a Hong Kong private company that is owned by certain Directors. Pursuant to the agreement, the office premises of 119 square metres were shared by the Company, and 184 square meters were shared by CHNR. The agreement also provided that the Company and CHNR shared certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka. In 2020, Anka's lease with the unrelated landlord was extended for two years, from 1 July 2020 to 30 June 2022.
- (iii) Longfei, an associate, provides materials and equipment maintenance services for the Group.
- (iv) On 1 January 2019, Shenzhen Chixin Information and Consulting Co., Ltd., a wholly-owned subsidiary of the Group, entered into an office sharing leasing agreement with Feishang Enterprise, which is under the control of Mr. Li Feilie. Pursuant to the agreement, the office premises of 40 square metres were shared by the Company. The agreement will expire in September 2021.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms or in accordance with the agreements governing such transactions.

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021	2020
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Wages, salaries and allowances	1,329	1,484
Contribution to pension plans	41	15
Housing funds	24	25
Welfare and other expenses	27	17
	1,421	1,541

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial liabilities

	At 30 June 2021		At 31 December 2020	
	Carrying amount CNY'000 (Unaudited)	Fair value CNY'000 (Unaudited)	Carrying amount CNY'000 (Audited)	Fair value CNY'000 (Audited)
Interest-bearing bank and other borrowings -non-current	615,000	587,679	632,500	611,096
Total	615,000	587,679	632,500	611,096

The fair value of the non-current portion of interest-bearing loans and bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risks for interest-bearing bank and other borrowings as at the end of each reporting period were assessed to be insignificant.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

At 30 June 2021

	Fair value measurement using			Total CNY'000 (Unaudited)
	Quoted prices in active markets (Level 1) CNY'000 (Unaudited)	Significant observable inputs (Level 2) CNY'000 (Unaudited)	Significant unobservable inputs (Level 3) CNY'000 (Unaudited)	
Financial assets at fair value through profit or loss	–	6,431	–	6,431
Bills receivables	–	29,055	–	29,055
Total	–	35,486	–	35,486

At 31 December 2020

	Fair value measurement using			Total CNY'000 (Audited)
	Quoted prices in active markets (Level 1) CNY'000 (Audited)	Significant observable inputs (Level 2) CNY'000 (Audited)	Significant unobservable inputs (Level 3) CNY'000 (Audited)	
Financial assets at fair value through profit or loss	–	6,412	–	6,412
Bills receivables	–	29,504	–	29,504
Total	–	35,916	–	35,916

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed

At 30 June 2021

	Fair value measurement using			Total CNY'000 (Unaudited)
	Quoted prices in active markets (Level 1) CNY'000 (Unaudited)	Significant observable inputs (Level 2) CNY'000 (Unaudited)	Significant unobservable inputs (Level 3) CNY'000 (Unaudited)	
Interest-bearing bank and other borrowings – non-current	–	587,679	–	587,679
Total	–	587,679	–	587,679

At 31 December 2020

	Fair value measurement using			Total CNY'000 (Audited)
	Quoted prices in active markets (Level 1) CNY'000 (Audited)	Significant observable inputs (Level 2) CNY'000 (Audited)	Significant unobservable inputs (Level 3) CNY'000 (Audited)	
Interest-bearing bank and other borrowings – non-current	–	611,096	–	611,096
Total	–	611,096	–	611,096

During the period/year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

28. EVENTS AFTER THE REPORTING PERIOD

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 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 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 CNY52.6 million.

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2021.

SUMMARY OF MINE PROPERTIES

The following table sets forth certain information relating to each of the Group's four anthracite coal mines as of the date of this report:

Mine	Commercial Production				Discontinued Operations	
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujiaaba Coal Mine (Note 3)	Dayuan Coal Mine (Note 2)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	November 2013	n/a
Reserve data (as of 31 July 2013) (Note 4)						
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	2.99	1.87
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	5.27	3.85
Total proved and probable reserve (million tonnes)	22.48	51.96	97.29	13.60	8.26	5.72
Reserve data (as of 30 June 2021) (Note 5)						
Proved reserve (million tonnes)	1.07	-	8.07	-	n/a	n/a
Probable reserve (million tonnes)	19.04	45.48	84.79	11.40	n/a	n/a
Total proved and probable reserve (million tonnes)	20.11	45.48	92.86	11.40	n/a	n/a
Capital expenditure for the six months ended 30 June 2021 (CNY in millions)	-	0.85	8.87	53.88	n/a	n/a

Notes:

- (1) The Group has closed down Gouchang Coal Mine in accordance with relevant Guizhou province's coal mine consolidation policy. The credit of the coal resource and reserve of Gouchang Coal Mine will be retained and utilised by the Group's four coal mines in future.
- (2) Operations have been suspended at Dayuan Coal Mine since June 2014 pending the passing of verification and acceptance procedures conducted by the Nayong County Administration Bureau of Work Safety. The Group's original plan to acquire a nearby coal mine to achieve the consolidation of Dayuan Coal Mine was suspended in 2016. On 24 May 2019, Guizhou Puxin entered into an equity transfer agreement with Baoshun (an independent third party), to dispose its entire equity interest in Guizhou Dayuan. Up to 30 June 2021, the transaction was not yet completed.
- (3) On 26 January 2015, the first batch of the restructuring proposal has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the restructuring proposal, the Group would integrate Zhulinzhai Coal Mine and Liujiaaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaaba Coal Mine. On 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaaba Coal Mine. According to the new mining right permit, the mining area of Liujiaaba Coal Mine has been adjusted to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020.
- (4) The reserve data as of 31 July 2013 is extracted from competent person's report dated 7 December 2013 prepared by Behre Dolbear Asia, Inc. under the JORC Code.
- (5) The reserve data as of 30 June 2021 has been substantiated by the Group's internal expert by adjusting those reserves extracted by the Group's mining activities from August 2013 to June 2021 from the proved reserve figure as of 31 July 2013. All assumptions and technical parameters set out in the competent person's report as shown in the listing document of the Company dated 31 December 2013 have not been materially changed and are continued to apply to the reserve data as of 30 June 2021 (except those of Gouchang Coal Mine and Dayuan Coal Mine).
- (6) There was no exploration activity for the Group during the Reporting Period.