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FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1738)

**(1) DISCLOSEABLE TRANSACTION IN RELATION TO SALE AND
LEASEBACK ARRANGEMENT
AND
(2) EXEMPT CONNECTED TRANSACTIONS IN RELATION TO
GUARANTEES AND SHARE PLEDGES**

Reference is made to the announcement of the Company dated 3 August 2021 on discloseable transactions in relation to finance lease arrangement and sale and leaseback arrangement and exempt connected transactions in relation to guarantees and share pledges and the supplemental announcement of the Company dated 16 August 2021 (the “**2021 Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the 2021 Announcements.

The Board is pleased to announce that further on 28 January 2022 (after trading hours):

SALE AND LEASEBACK ARRANGEMENT (JANUARY 2022)

- (a) Guizhou Puxin (an indirect wholly-owned subsidiary of the Company) and Baiping Mining (an indirect majority-owned subsidiary of the Company), and CCTEG entered into the Sale and Leaseback Agreement (January 2022) for (i) the sale of the Relevant Coal Machinery and Equipment (January 2022) to CCTEG for an aggregate consideration of CNY30,000,000 (equivalent to approximately HK\$36,873,000) and (ii) the leaseback of the Relevant Coal Machinery and Equipment (January 2022) from CCTEG for an aggregate consideration of CNY33,135,778 (equivalent to approximately HK\$40,727,185);
- (b) Baiping Mining and CCTEG entered into the Consultancy Agreement (January 2022), pursuant to which Baiping Mining agreed to engage CCTEG for providing certain consultancy services relating to the Sale and Leaseback Arrangement (January 2022) for a service fee of CNY1,350,000 (equivalent to approximately HK\$1,659,285).

On the same date, the Pledge Agreement (January 2022) was executed by Baiping Mining, the Share Pledge Agreement (January 2022) was executed by Guizhou Puxin, and the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) were executed by Mr. Li and certain associates of him in favour of CCTEG to secure the performance obligations (including among others, payment obligations) owed by the Relevant Group Companies II to CCTEG under the Sale and Leaseback Agreement (January 2022).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rules 14.22 and 14.23(1) of the Listing Rules, the Sale and Leaseback Arrangement (January 2022), and the Finance Lease Arrangement and the Sale and Leaseback Arrangement entered in 2021 as disclosed in the 2021 Announcements are aggregated. As one or more of the applicable percentage ratios in respect of the Sale and Leaseback Arrangement (January 2022), the Finance Lease Arrangement and the Sale and Leaseback Arrangement, when aggregated, exceed 5% but are less than 25%, the Sale and Leaseback Arrangement (January 2022), together with the Finance Lease Arrangement and the Sale and Leaseback Arrangement entered in 2021, constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Mr. Li, being the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Given that Feishang Enterprise and Ms. Wang are both associates of Mr. Li, the provisions of the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) for the benefit of the Relevant Group Companies II amount to financial assistance by Mr. Li for the benefit of the Group. As such financial assistance (i) is provided on normal commercial terms or better to the Group; and (ii) is not secured by the assets of the Group, the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) are all considered as exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, which are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. SALE AND LEASEBACK ARRANGEMENT (JANUARY 2022)

Sale and Leaseback Agreement (January 2022)

A. Sale

The principal terms relating to the sale under the Sale and Leaseback Agreement (January 2022) are set out below:

Date	:	28 January 2022
Parties	:	Sellers: (1) Guizhou Puxin (an indirect wholly-owned subsidiary of the Company); and (2) Baiping Mining (an indirect majority-owned subsidiary of the Company) Purchaser: CCTEG.
Sale assets	:	Relevant Coal Machinery and Equipment (January 2022).
Sale consideration and payment terms	:	The aggregate consideration payable by the Purchaser to the Sellers for the sale of Relevant Coal Machinery and Equipment (January 2022) is CNY30,000,000 (equivalent to approximately HK\$36,873,000), which shall be paid in cash upon fulfilling certain conditions.
Ownership of the Relevant Coal Machinery and Equipment (January 2022)	:	During the Lease Period (January 2022), CCTEG will have legal ownership of the Relevant Coal Machinery and Equipment (January 2022).

B. Leaseback

The principal terms relating to the leaseback under the Sale and Leaseback Agreement (January 2022) are set out below:

- Date** : 28 January 2022
- Parties** : (a) Lessees: Guizhou Puxin and Baiping Mining
(b) Lessor: CCTEG
- Lease assets** : Relevant Coal Machinery and Equipment (January 2022).
- Lease Period (January 2022)** : 36 months commencing from the date of the Sale and Leaseback Agreement (January 2022).
- Lease consideration and payment terms** : The lease consideration is CNY33,135,778 (equivalent to approximately HK\$40,727,185) (comprising total lease principal of CNY30,000,000 (equivalent to approximately HK\$36,873,000) and total lease interest of CNY3,135,778 (equivalent to approximately HK\$3,854,185)), which shall be paid to CCTEG quarterly in 12 instalments of CNY2,761,315 (equivalent to approximately HK\$3,393,932) each.
- Repurchase Option** : Upon expiry of the Lease Period (January 2022), subject to Guizhou Puxin and Baiping Mining having paid all the amounts and payables (if any) due under the Sale and Leaseback Agreement (January 2022), Guizhou Puxin and Baiping Mining shall be entitled to exercise the Repurchase Option to repurchase the Relevant Coal Machinery and Equipment (January 2022) from CCTEG at the nominal price of CNY100 (equivalent to approximately HK\$123).
- Security deposit** : In order to protect the rights of CCTEG under the Sale and Leaseback Agreement (January 2022), Guizhou Puxin and Baiping Mining shall pay to CCTEG a security deposit in the sum of CNY600,000 (equivalent to approximately HK\$737,460) within one (1) business day upon signing of the Sale and Leaseback Agreement (January 2022) which shall be used to set-off any rental in arrears, interest, penalty or other expenses accrued during the Lease Period (January 2022), and the remaining of such security deposit (if any) shall be returned to Guizhou Puxin and Baiping Mining within five (5) business days upon expiry of the Lease Period (January 2022).
- Nature of lease** : Finance lease

C. Consultancy Agreement (January 2022)

The principal terms of the Consultancy Agreement (January 2022) are set out below:

Date	: 28 January 2022
Parties	: Baiping Mining and CCTEG
Services	: Certain consultancy services relating to the Sale and Leaseback Arrangement (January 2022) provided or to be provided by CCTEG to Baiping Mining
Consideration and payment terms	: The service fee payable by Baiping Mining to CCTEG for the provision of certain consultancy services relating to the Sale and Leaseback Arrangement (January 2022) by CCTEG is CNY1,350,000 (equivalent to approximately HK\$1,659,285), which shall be settled in cash upon signing of the Sale and Leaseback Agreement (January 2022).

The service fee was determined after arm's length negotiation between the parties.

2. PLEDGE AGREEMENT (JANUARY 2022), SHARE PLEDGE AGREEMENT (JANUARY 2022), CORPORATE GUARANTEE (JANUARY 2022) AND PERSONAL GUARANTEES (JANUARY 2022)

Pursuant to the Sale and Leaseback Agreement (January 2022), the Pledge Agreement (January 2022) was executed by Baiping Mining, the Share Pledge Agreement (January 2022) was executed by Guizhou Puxin, and the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) were executed by Mr. Li and certain associates of him in favour of CCTEG to secure the performance obligations (including among others, payment obligations) owed by the Relevant Group Companies II to CCTEG.

2.1 Pledge Agreement (January 2022)

On 28 January 2022, Baiping Mining entered into the Pledge Agreement (January 2022), pursuant to which Baiping Mining agreed to pledge the Relevant Coal Machinery and Equipment (January 2022) to secure the performance obligations (including among others, payment obligations) of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022).

2.2 Share Pledge Agreement (January 2022)

On 28 January 2022, Guizhou Puxin and CCTEG entered into the Share Pledge Agreement (January 2022), pursuant to which Guizhou Puxin agreed to pledge its equity interests in Baiping Mining, representing 70% of the equity interests in Baiping Mining, in favour of CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022).

2.3 Corporate Guarantee (January 2022)

On 28 January 2022, Feishang Enterprise executed the Corporate Guarantee (January 2022) with CCTEG and Guizhou Puxin and Baiping Mining, pursuant to which Feishang Enterprise agreed to provide guarantee in favour of CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022).

2.4 Personal Guarantees (January 2022)

On 28 January 2022, Mr. Li and Ms. Wang (the spouse of Mr. Li) executed the Personal Guarantees (January 2022), respectively, with CCTEG and Guizhou Puxin and Baiping Mining, pursuant to which Mr. Li and Ms. Wang agreed to provide guarantees in favour of CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022).

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND LEASEBACK ARRANGEMENT (JANUARY 2022)

The Directors are of the view that the entering into of the Sale and Leaseback Arrangement (January 2022) will enhance the working capital positions of the Relevant Group Companies II and allow them to optimise their asset and debt structures by increasing the percentage of long-term financing and to support their business and operational activities.

The Directors consider that the Sale and Leaseback Arrangement (January 2022) was entered into on normal commercial terms after arm's length negotiation between the parties and the terms of the Sale and Leaseback Arrangement (January 2022) are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

4. INFORMATION ON THE PARTIES TO THE SALE AND LEASEBACK ARRANGEMENT (JANUARY 2022)

4.1 The Group

The Group is based in Guizhou province of the PRC and is mainly engaged in the acquisition, construction and development of anthracite coal mines and the extraction and sale of anthracite coal in the PRC. As at the date of this announcement, the Group's mining assets consist of four underground anthracite coal mines in Guizhou province, the PRC. Please refer to the 2020 annual report of the Company for more details of the Group's mining assets.

4.2 Guizhou Puxin

Guizhou Puxin is an indirect wholly-owned subsidiary of the Company and is engaged in investment holding and coal trading. It holds the mining rights to four anthracite coal mines.

4.3 Baiping Mining

Baiping Mining is an indirect majority-owned subsidiary of the Company and is principally engaged in coal development and mining.

4.4 CCTEG

CCTEG provides financial leasing services as well as other financial services to various industries and institutions in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCTEG is majority owned by (i) state-owned enterprises of the PRC, namely, China Chengtong Holdings Group Ltd.* (中國誠通控股集團有限公司), China National Coal Group Corporation* (中國中煤能源集團有限公司), China Coal Technology & Engineering Group Corporation* (中國煤炭科工集團有限公司), and (ii) a local government entity, namely, Tianjin Dongjiang Bonded Port Area Administration Commission* (天津東疆保稅港區管理委員會). The ultimate beneficial owner of the above mentioned three state-owned enterprises is the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會) of the PRC. They are all Independent Third Parties.

5. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rules 14.22 and 14.23(1) of the Listing Rules, the Sale and Leaseback Arrangement (January 2022), and the Finance Lease Arrangement and the Sale and Leaseback Arrangement entered in 2021 as disclosed in the 2021 Announcements are aggregated. As one or more of the applicable percentage ratios in respect of the Sale and Leaseback Arrangement (January 2022), the Finance Lease Arrangement and the Sale and Leaseback Arrangement, when aggregated, exceed 5% but are less than 25%, the Sale and Leaseback Arrangement (January 2022), together with the Finance Lease Arrangement and the Sale and Leaseback Arrangement entered in 2021, constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Mr. Li, being the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Given that Feishang Enterprise and Ms. Wang are both associates of Mr. Li, the provisions of the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) for the benefit of the Relevant Group Companies II amount to financial assistance by Mr. Li for the benefit of the Group. As such financial assistance (i) is provided on normal commercial terms or better to the Group; and (ii) is not secured by the assets of the Group, the Corporate Guarantee (January 2022) and the Personal Guarantees (January 2022) are all considered as exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, which are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings.

“Baiping Mining”	Jinsha County Baiping Mining Co., Ltd.* (金沙縣白坪礦業有限公司), a company established in the PRC with limited liability and an indirect majority-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“CCTEG”	CCTEG Financial Leasing Co., Ltd.* (中煤科工金融租賃股份有限公司), a company established in the PRC with limited liability
“CNY” or “RMB”	Renminbi, the lawful currency of the PRC
“Company”	Feishang Anthracite Resources Limited (飛尚無煙煤資源有限公司), a company incorporated in the British Virgin Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Consultancy Agreement (January 2022)”	the consultancy agreement dated 28 January 2022 and entered into between Baiping Mining and CCTEG for the provision of certain consultancy services relating to the Sale and Leaseback Arrangement (January 2022) by CCTEG to Baiping Mining
“Corporate Guarantee (January 2022)”	the corporate guarantee dated 28 January 2022 and executed by Feishang Enterprise in favour of CCTEG to secure the performance obligations of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022)
“Directors”	the directors of the Company
“Feishang Enterprise”	Feishang Enterprise Group Co., Ltd.* (飛尚實業集團有限公司), a company established in the PRC with limited liability which is directly wholly-owned by Mr. Li and his associates
“Group”	the Company and its subsidiaries
“Guizhou Puxin”	Guizhou Puxin Energy Co., Ltd.* (貴州浦鑫能源有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person or company which is independent of and not connected with any of the connected persons of the Company and any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules
“Lease Period (January 2022)”	36 months commencing from the date of the Sale and Leaseback Agreement (January 2022)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Li”	Mr. Li Feilie, a controlling shareholder of the Company
“Ms. Wang”	Ms. Wang Jing, the spouse of Mr. Li
“Personal Guarantees (January 2022)”	the personal guarantees dated 28 January 2022 and executed by Mr. Li and Ms. Wang, respectively, in favour of CCTEG to secure the performance obligations of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Agreement (January 2022)
“Pledge Agreement (January 2022)”	the Pledge Agreement dated 28 January 2022 entered into by Baiping Mining, pursuant to which Baiping Mining agreed to pledge the Relevant Coal Machinery and Equipment (January 2022) to secure the performance obligations (including among others, payment obligations) of the Relevant Group Companies II to CCTEG under the Sale and Leaseback Agreement (January 2022) in favour of CCTEG
“PRC” or “China”	the People’s Republic of China which, in this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Relevant Group Company(ies) II”	Guizhou Puxin and Baiping Mining
“Relevant Coal Machinery and Equipment (January 2022)”	certain coal mining machinery and equipment to be leased by Guizhou Puxin and Baiping Mining under the Sale and Leaseback Arrangement (January 2022)
“Repurchase Option”	the option granted to Guizhou Puxin and Baiping Mining under the Sale and Leaseback Agreement (January 2022) to repurchase the Relevant Coal Machinery and Equipment (January 2022) after the expiry of the Lease Period (January 2022)
“Sale and Leaseback Agreement (January 2022)”	the sale and leaseback agreement dated 28 January 2022 and entered into among Guizhou Puxin, Baiping Mining and CCTEG

“Sale and Leaseback Arrangement (January 2022)”	the transactions contemplated under the Sale and Leaseback Agreement (January 2022) and the Consultancy Agreement (January 2022)
“Share Pledge Agreement (January 2022)”	the share pledge agreement dated 28 January 2022 and entered into between Guizhou Puxin and CCTEG, pursuant to which Guizhou Puxin agreed to pledge all of its equity interests in Baiping Mining, representing 70% of the equity interests of Baiping Mining in favour of CCTEG to secure the performance obligations of Guizhou Puxin and Baiping Mining to CCTEG under the Sale and Leaseback Arrangement (January 2022)
“Shares”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 28 January 2022

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

The exchange rate adopted in this announcement for illustration purpose only is CNY1.00 = HK\$1.2291 and should not be construed as a representation that the currency could actually be converted at that rate.

The English names of the PRC entities mentioned in this announcement which are marked with “” are translation, or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese name of the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail.*