FEISHANG

Feishang Anthracite Resources Limited
飛尚無煙煤資源有限公司
(Incorporated in the British Virgin Islands with limited liability)
(Stock code: 1738)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

- Revenue from continuing operations up by approximately 10.7% to approximately CNY1,121.0 million
- Gross profit from continuing operations up by approximately 34.1% to approximately CNY398.8 million
- Loss attributable to owners of the parent from continuing operations for the year ended 31 December 2021 decreased by approximately 68.1% to approximately CNY110.3 million
- Basic loss per share from continuing operations was approximately CNY0.08

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2021

	Notes	**2021**	2020
		CNY'000	*CNY'000*
CONTINUING OPERATIONS			
Revenue	*5*	**1,121,004**	1,013,074
Cost of sales		**(722,218)**	(715,638)
Gross profit		**398,786**	297,436
Selling and distribution expenses		**(106,479)**	(106,535)
Administrative expenses		**(133,921)**	(139,882)
Reversal of impairment/(impairment) of financial assets, net	*7*	**1,961**	(7,406)
Impairment losses on property, plant and equipment	*7*	**–**	(246,184)
Other operating expenses, net		**(38,911)**	(22,474)
OPERATING PROFIT/(LOSS)		**121,436**	(225,045)
Finance costs	*6*	**(161,567)**	(164,832)
Interest income		**1,909**	2,747
Share of profit and loss of associates		**(239)**	(1,478)
Non-operating (expenses)/income, net		**(4,053)**	757
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	*7*	**(42,514)**	(387,851)
Income tax	*8*	**(50,376)**	40,918
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(92,890)**	(346,933)
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	*4*	**(3,570)**	(10,221)
LOSS FOR THE YEAR		**(96,460)**	(357,154)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		**(110,284)**	(345,887)
From discontinued operations		**(3,559)**	(10,213)
		(113,843)	(356,100)
Non-controlling interests			
From continuing operations		**17,394**	(1,046)
From discontinued operations		**(11)**	(8)
		17,383	(1,054)
		(96,460)	(357,154)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
YEAR ENDED 31 DECEMBER 2021

	Notes	**2021** *CNY'000*	2020 *CNY'000*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (CNY per share)			
– For loss from continuing operations	*9*	**(0.08)**	(0.25)
– For loss from discontinued operations	*9*	*	(0.01)
– Net loss per share	*9*	**(0.08)**	(0.26)
Diluted (CNY per share)			
– For loss from continuing operations	*9*	**(0.08)**	(0.25)
– For loss from discontinued operations	*9*	*	(0.01)
– Net loss per share	*9*	**(0.08)**	(0.26)

* *Insignificant*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	2021 *CNY'000*	2020 *CNY'000*
LOSS FOR THE YEAR	**(96,460)**	(357,154)
Other comprehensive income/(loss):		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**4,464**	8,298
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(4,255)**	(8,135)
Total other comprehensive income for the year, net of tax	**209**	163
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(96,251)**	(356,991)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**(110,075)**	(345,724)
From discontinued operations	**(3,559)**	(10,213)
	(113,634)	(355,937)
Non-controlling interests		
From continuing operations	**17,394**	(1,046)
From discontinued operations	**(11)**	(8)
	17,383	(1,054)
	(96,251)	(356,991)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	2021 CNY'000	2020 CNY'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,485,772**	2,529,718
Right-of-use assets	*12(a)*	**330,238**	241,477
Rehabilitation fund		**10,112**	9,412
Prepayments and other receivables		**66,035**	59,243
Investments in associates		**797**	1,036
Deferred tax assets	*8*	**54,745**	41,497
TOTAL NON-CURRENT ASSETS		**2,947,699**	2,882,383
CURRENT ASSETS			
Inventories		**31,527**	54,252
Trade and bills receivables	*13*	**91,866**	165,895
Prepayments and other receivables		**120,359**	99,826
Financial assets at fair value through profit or loss		**6,431**	6,412
Pledged deposits		**61,300**	92,450
Cash and cash equivalents		**23,952**	29,587
		335,435	448,422
Assets of a disposal group classified as held for sale	*4(b)*	**83,310**	76,197
TOTAL CURRENT ASSETS		**418,745**	524,619
TOTAL ASSETS		**3,366,444**	3,407,002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 DECEMBER 2021

	Notes	2021 CNY'000	2020 CNY'000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*14*	**722,964**	829,122
Other payables and accruals		**647,352**	514,532
Interest-bearing bank and other borrowings	*15*	**1,605,764**	271,500
Lease liabilities	*12(b)*	**100,332**	69,366
Due to an associate		**164**	1,392
Interest payable		**37,391**	33,427
Income tax payable		**91,798**	43,305
Mining right payables		**43,780**	43,780
Deferred income		**2,851**	2,452
		3,252,396	1,808,876
Liabilities directly associated with the assets classified as held for sale	*4(b)*	**62,710**	53,147
TOTAL CURRENT LIABILITIES		**3,315,106**	1,862,023
NON-CURRENT LIABILITIES			
Due to the Shareholder		**6,521**	–
Due to a related company		**233,278**	312,552
Interest-bearing bank and other borrowings	*15*	**288,998**	1,632,750
Lease liabilities	*12(b)*	**77,755**	61,120
Deferred tax liabilities	*8*	**63,350**	62,092
Deferred income		**15,706**	15,381
Asset retirement obligations		**13,804**	12,907
TOTAL NON-CURRENT LIABILITIES		**699,412**	2,096,802
TOTAL LIABILITIES		**4,014,518**	3,958,825
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(850,286)**	(736,652)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(849,205)**	(735,571)
NON-CONTROLLING INTERESTS		**201,131**	183,748
TOTAL EQUITY		**(648,074)**	(551,823)
TOTAL LIABILITIES AND EQUITY		**3,366,444**	3,407,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

As at 31 December 2021, the Group had net current liabilities of approximately CNY2,896.4 million (31 December 2020: CNY1,337.4 million) and total assets less current liabilities of approximately CNY51.3 million (31 December 2020: CNY1,545.0 million).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Going concern

As at 31 December 2021, the Group had net current liabilities of approximately CNY2,896.4 million and shareholders' deficit of approximately CNY648.1 million. In view of these circumstances, the Directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd., controlled by Mr. LI Feilie, 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 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; (iv) entering into loan renewal discussions with the banks; and (v) looking for new profitable business investment opportunities.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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 beyond 30 June 2021* (early adopted)

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

(a) *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*

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 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 consolidated financial statements of the Group.

(b) *Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021*

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 year.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2021, the Group had only one operating segment: extraction and sale of anthracite coal and trading of anthracite coal.

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

Geographic information

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

Information about major customers

During the year ended 31 December 2021, revenue derived from sales to three customers accounted for 24.3%, 15.1% and 10% of the consolidated revenue, respectively. During the year ended 31 December 2020, revenue derived from sales to two customers accounted for 37.4% and 15.3% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

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

The results of Gouchang Coal Mine for the years ended 31 December 2021 and 2020 are presented below:

	2021 ***CNY'000***	2020 *CNY'000*
Finance costs	**(1)**	(2)
Non-operating expenses, net	**(1,118)**	(785)
LOSS BEFORE INCOME TAX	**(1,119)**	(787)
Income tax expense	**–**	–
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(1,119)**	(787)
Attributable to:		
Owners of the parent	**(1,108)**	(779)
Non-controlling interest	**(11)**	(8)
	(1,119)	(787)

* *For identification purpose only*

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

	2021	2020
	CNY'000	*CNY'000*
Operating activities	**(888)**	(974)
Financing activities	**845**	932
Net cash outflow	**(43)**	(42)

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

On 24 May 2019, Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**"), a wholly-owned subsidiary of the Group, entered into an agreement with Guiyang Baoshun Energy Co., Ltd. ("**Baoshun**"), an independent third party, to dispose of its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin for an aggregate cash consideration of CNY55.0 million. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. The consideration shall be paid by Baoshun in various tranches upon the satisfaction of the subsequent conditions. During the year of 2019, Guizhou Puxin received tranches of CNY50.0 million from Baoshun. Up to 31 December 2021, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation. In March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed.

The results of Guizhou Dayuan for the years ended 31 December 2021 and 2020 are presented below:

	2021	2020
	CNY'000	*CNY'000*
Revenue	**20,053**	4,556
Cost of sales	**(11,740)**	(2,259)
Gross profit	**8,313**	2,297
Administrative expenses	**(10,291)**	(11,173)
Selling expenses	**(53)**	–
OPERATING LOSS	**(2,031)**	(8,876)
Finance costs	**(141)**	(131)
Interest income	**4**	3
Non-operating expenses, net	**(283)**	(157)
LOSS BEFORE INCOME TAX	**(2,451)**	(9,161)
Income tax expense	**–**	(273)
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(2,451)**	(9,434)
Attributable to:		
Owners of the parent	**(2,451)**	(9,434)
Non-controlling interests	**–**	–
	(2,451)	(9,434)

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

	2021	2020
	CNY'000	*CNY'000*
Assets		
Property, plant and equipment	**70,087**	63,733
Inventories	**3,657**	657
Rehabilitation fund	**1,500**	1,500
Prepayments and other receivables	**5,465**	6,858
Trade and bills receivable	**1,599**	901
Cash and cash equivalents	**1,002**	2,548
Assets of a disposal group classified as held for sale	**83,310**	76,197
Liabilities		
Trade and bills payables	**2,481**	2,174
Other payables and accruals	**36,956**	28,579
Income tax payable	**1,058**	301
Deferred tax liabilities	**20,363**	20,363
Asset retirement obligations	**1,852**	1,730
Liabilities directly associated with the assets classified as held for sale	**62,710**	53,147
Net assets directly associated with the disposal group	**20,600**	23,050

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

	2021	2020
	CNY'000	*CNY'000*
Operating activities	**4,289**	(9,488)
Investing activities	**(6,354)**	(11,646)
Financing activities	**519**	23,541
Net cash (outflow)/inflow	**(1,546)**	2,407

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

	2021	2020
	CNY'000	*CNY'000*
Loss attributable to ordinary equity holders of the parent from discontinued operations	**(3,559)**	(10,213)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,380,546
Diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic, from discontinued operations	*	(0.01)
Diluted, from discontinued operations	*	(0.01)

* *Insignificant*

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2021	2020
	CNY'000	*CNY'000*
Revenue from contracts with customers	**1,121,004**	1,013,074

(i) Disaggregated revenue information

	2021	2020
	CNY'000	*CNY'000*
Types of goods or services		
Sale of coal	**1,120,713**	1,012,848
Coal trading	**291**	226
	1,121,004	1,013,074
Geographic market		
Mainland China	**1,121,004**	1,013,074
Timing of revenue recognition		
Goods transferred at a point of time	**1,121,004**	1,013,074

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

	2021	2020
	CNY'000	*CNY'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	**139,065**	115,814

(ii) Performance obligations

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

Sale of coal

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

Coal trading

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

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2021	2020
	CNY'000	*CNY'000*
Interest on interest-bearing bank and other borrowings	**135,424**	141,028
Interest on lease liabilities *(Note 12(c))*	**12,293**	13,064
Interest on payables for mining rights	**2,145**	2,145
Total interest expense	**149,862**	156,237
Bank charges	**123**	825
Discount coupon	**10,685**	6,931
Accretion expenses	**897**	839
	161,567	164,832

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	2021	2020
	CNY'000	*CNY'000*
Crediting:		
Interest income on bank deposits	**1,909**	2,747
Government grant (a)	**17,113**	8,758
Charging:		
Cost of inventories sold (b)	**563,370**	583,304
Sales tax and surcharge	**57,852**	57,289
Utilisation of safety fund and production maintenance fund	**100,996**	75,045
Cost of sales	**722,218**	715,638
Employee benefit expenses	**364,057**	313,364
Depreciation, depletion and amortisation:		
– Property, plant and equipment *(Note 11)*	**220,067**	247,486
– Right-of-use assets *(Note 12(c))*	**33,673**	20,978
Lease payments not included in the measurement of lease liabilities *(Note 12(c))*	**1,063**	644
Auditors' remuneration:		
– Audit fee	**3,400**	3,400
Impairment losses on property, plant and equipment	**–**	246,184
Impairment of right-of-use assets	**–**	1,080
(Reversal of impairment)/impairment of financial assets, net	**(1,961)**	7,406
Impairment of prepayments and other receivables	**–**	3,895
Gains from financial assets at fair value through profit or loss	**277**	575
Gain on disposal of property, plant and equipment	**1,180**	51
Repairs and maintenance	**42,096**	44,808
Losses arising from temporary suspension of production	**–**	7,660

(a) Included in the government grant is a total amount of approximately CNY3.0 million (2020: approximately CNY2.6 million) in non-operating income and approximately CNY14.1 million (2020: approximately CNY6.2 million) in other operating income.

(b) Included in the cost of inventories sold is a total amount of approximately CNY487.4 million for the year ended 31 December 2021 (2020: approximately CNY536.9 million) relating to employee benefit expenses and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expenses.

8. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Mainland China. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2021 (2020: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong sourced and non-Hong Kong sourced incomes. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong sourced income, no provision for Hong Kong profits tax was made as this operation incurred tax losses during the years ended 31 December 2021 and 2020. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

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

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

	2021	2020
	CNY'000	*CNY'000*
Current – Mainland China	**62,366**	17,610
Deferred – Mainland China	**(11,990)**	(58,528)
	50,376	(40,918)

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

	2021	2020
	CNY'000	*CNY'000*
Loss before income tax from continuing operations	**(42,514)**	(387,851)
Tax at the statutory tax rate of 25%	**(10,629)**	(96,963)
Effect of different tax rates for the Company and the Hong Kong subsidiary	**1,461**	1,494
Non-deductible expenses	**5,237**	6,286
Tax losses not recognised	**54,300**	48,262
Others	**7**	3
Income tax charge/(credit) from continuing operations	**50,376**	(40,918)

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

	2021	2020
	CNY'000	*CNY'000*
Deferred tax assets		
Accruals and other payables	**5,707**	4,502
Capitalised pilot run income	**10,458**	11,324
Tax losses	**65,388**	41,672
Depreciation of property, plant and equipment	**24,056**	26,741
Temporary difference related to lease	**4,262**	–
Bad debt provision	**5,664**	5,648
	115,535	89,887
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	**(124,140)**	(110,482)
Net deferred tax liabilities	**(8,605)**	(20,595)
Classification in the consolidated statement of financial position:		
Deferred tax assets	**54,745**	41,497
Deferred tax liabilities	**(63,350)**	(62,092)

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

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

The total amounts of unused tax losses for which no deferred tax assets were recognised amounting to approximately CNY695.5 million and CNY697.9 million as at 31 December 2021 and 2020, respectively. As at 31 December 2021, unused tax losses not utilised of approximately CNY110.8 million, CNY77.6 million, CNY96.9 million, CNY193.0 million and CNY217.2 million will expire by end of 2022, 2023, 2024, 2025 and 2026, respectively.

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

	2021	2020
	CNY'000	*CNY'000*
At the beginning of the year	**(20,595)**	(79,123)
Credited to the consolidated statement of profit or loss	**11,990**	58,528
At the end of the year	**(8,605)**	(20,595)

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

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

	2021	2020
	CNY'000	*CNY'000*
Loss for the year attributable to ordinary equity holders of the parent:	**(113,843)**	(356,100)
From continuing operations	**(110,284)**	(345,887)
From discontinued operations	**(3,559)**	(10,213)
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	**(0.08)**	(0.25)
From discontinued operations	*	(0.01)
	(0.08)	(0.26)
Diluted		
From continuing operations	**(0.08)**	(0.25)
From discontinued operations	*	(0.01)
	(0.08)	(0.26)

* *Insignificant*

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2021 (2020: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *CNY'000*	Mining structures and mining rights *CNY'000*	Machinery and equipment *CNY'000*	Motor vehicles *CNY'000*	Construction in progress *CNY'000*	Total *CNY'000*
Cost						
At 1 January 2020	109,524	3,183,135	609,458	68,169	529,175	4,499,461
Additions	–	118,061	19,171	2,185	108,382	247,799
Transfers	22,839	154,444	–	–	(177,283)	–
Disposals	–	(160,522)	–	(2,568)	–	(163,090)
Reclassified from right-of-use assets	–	–	21,370	–	–	21,370
At 31 December 2020 and 1 January 2021	132,363	3,295,118	649,999	67,786	460,274	4,605,540
Additions	–	22,432	19,091	1,606	140,174	183,303
Transfers	9,300	228,978	2,598	–	(240,876)	–
Disposals	(10,280)	–	(466)	–	–	(10,746)
Reclassified from right-of-use assets	–	–	258	–	–	258
At 31 December 2021	131,383	3,546,528	671,480	69,392	359,572	4,778,355
Accumulated depreciation						
At 1 January 2020	(21,584)	(804,448)	(321,230)	(29,474)	–	(1,176,736)
Depreciation charge	(11,197)	(203,758)	(24,206)	(8,325)	–	(247,486)
Disposals	–	5,065	–	2,009	–	7,074
At 31 December 2020 and 1 January 2021	(32,781)	(1,003,141)	(345,436)	(35,790)	–	(1,417,148)
Depreciation charge	(1,752)	(175,821)	(25,667)	(16,827)	–	(220,067)
Disposals	2,875	–	431	–	–	3,306
At 31 December 2021	(31,658)	(1,178,962)	(370,672)	(52,617)	–	(1,633,909)
Impairment						
At 1 January 2020	(5,070)	(446,158)	(9,503)	(378)	(5,298)	(466,407)
Additions	(455)	(228,110)	(17,560)	(59)	–	(246,184)
Write-off	–	53,917	–	–	–	53,917
At 31 December 2020 and 1 January 2021	(5,525)	(620,351)	(27,063)	(437)	(5,298)	(658,674)
Impairment	–	–	–	–	–	–
At 31 December 2021	(5,525)	(620,351)	(27,063)	(437)	(5,298)	(658,674)
Net carrying amount						
At 31 December 2020	94,057	1,671,626	277,500	31,559	454,976	2,529,718
At 31 December 2021	94,200	1,747,215	273,745	16,338	354,274	2,485,772

As at 31 December 2021, certain mining rights with a carrying amount of approximately CNY478.4 million (31 December 2020: CNY545.6 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,612.8 million (31 December 2020: CNY1,734.3 million) (Note 15).

As at 31 December 2021, certain mining structure, machinery and equipment with a carrying amount of approximately CNY88.4 million (31 December 2020: CNY36.5 million) and certain buildings with a carrying amount of nil (31 December 2020: CNY7.6 million) were pledged to secure bank loans with a carrying amount of CNY37.0 million (31 December 2020: CNY20.0 million) (Note 15).

As at 31 December 2021, certain buildings with a carrying amount totalling approximately CNY94.2 million (31 December 2020: CNY86.0 million) were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current use. The Directors are of the view that the Group was entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of the year.

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

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

In 2021, no impairment loss of property, plant and equipment was recognised during the year ended 31 December 2021 (2020: approximately CNY160.7 million).

Value-in-use calculations use pre-tax cash flow projections based on the 2022 financial budgets approved by management and are extrapolated using the same cash flow projections of the remaining years with changes being made to reflect the estimated changes in future market or economic conditions. Other key assumptions applied in the impairment testing include the future sales volume, coal price and operating cost. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax and non-inflation rate ranging from 9.63% to 10.36% (2020: 9.66% to 9.93%) as the discount rate that reflects specific risks related to the CGUs. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. These estimates and judgments may be significantly affected by unexpected changes in the future market or economic conditions.

Impairment for individual assets

As at 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaba Coal Mine issued by Department of Natural Resources of Guizhou Province ("Exchange of assets"). As a result of the Exchange of assets, the property, plant and equipment located in the original mining area cannot be used any more, which led to impairment losses for property, plant and equipment of approximately CNY85.5 million recognised in profit or loss for the year ended 31 December 2020. There was no impairment for individual assets for the year ended 31 December 2021.

12. LEASES

(a) Right-of-use assets

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

	Leasehold land *CNY'000*	Machinery and equipment *CNY'000*	Buildings *CNY'000*	Total *CNY'000*
As at 1 January 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	641	116,151	5,900	122,692
Depreciation charge	(410)	(31,722)	(1,541)	(33,673)
Reclassified to property, plant and equipment	–	(258)	–	(258)
As at 31 December 2021	**54,514**	**270,265**	**5,459**	**330,238**

(b) Lease liabilities

	2021 ***CNY'000***	2020 *CNY'000*
Carrying amount at 1 January	**130,486**	84,129
New leases	**122,692**	99,135
Accretion of interest recognised during the year	**12,293**	13,064
Payments	**(87,384)**	(65,842)
Carrying amount at 31 December	**178,087**	130,486
Analysed into:		
Current portion	**100,332**	69,366
Non-current portion	**77,755**	61,120

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

	2021 ***CNY'000***	2020 *CNY'000*
Interest on lease liabilities *(Note 6)*	**12,293**	13,064
Depreciation charge of right-of-use assets *(Note 7)*	**33,673**	20,978
Expense relating to short-term leases and other leases with remaining lease terms ended on or before the year end (included in cost of sales)	**28**	151
Expense relating to leases of low-value assets (included in administrative expenses)	**1,035**	493
Total amount recognised in profit or loss	**47,029**	34,686

13. TRADE AND BILLS RECEIVABLES

	2021	2020
	CNY'000	*CNY'000*
Trade receivables	**121,811**	191,709
Less: Provision for impairment	**(53,357)**	(55,318)
	68,454	136,391
Bills receivable	**23,412**	29,504
	91,866	165,895

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

Trade receivables of approximately CNY61.9 million (31 December 2020: CNY123.7 million) were pledged as security for short-term loans of CNY50.0 million (31 December 2020: CNY100.0 million) as at 31 December 2021 (Note 15).

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

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

	2021	2020
	CNY'000	*CNY'000*
Within 3 months	**15,324**	58,097
3 to 6 months	**15,793**	9,169
6 to 12 months	**28,538**	55,849
Over 12 months	**8,799**	13,276
	68,454	136,391

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

	2021	2020
	CNY'000	*CNY'000*
At the beginning of the year	**55,318**	47,912
Impairment loss recognised	**152**	7,470
Reversal of impairment	**(2,113)**	(64)
At the end of the year	**53,357**	55,318

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

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

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

As at 31 December 2021

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**1%**	**10%**	**70%**	**59%**	**100%**	**100%**	
Gross carrying amount (CNY'000)	**60,243**	**5,692**	**1,680**	**7,814**	**1,068**	**45,314**	**121,811**
Expected credit losses (CNY'000)	**588**	**584**	**1,177**	**4,626**	**1,068**	**45,314**	**53,357**
Net carrying amount (CNY'000)	**59,655**	**5,108**	**503**	**3,188**	**–**	**–**	**68,454**

As at 31 December 2020

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

14. TRADE AND BILLS PAYABLES

	2021	2020
	CNY'000	*CNY'000*
Trade payables (a)	**702,964**	749,122
Bills payable	**20,000**	80,000
	722,964	829,122

(a) Included in trade payables were amounts of approximately CNY413.0 million (31 December 2020: CNY363.2 million) due to contractors related to construction as at 31 December 2021.

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

	2021	2020
	CNY'000	*CNY'000*
Within one year	**285,948**	360,665
More than one year	**417,016**	388,457
	702,964	749,122

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

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021	2020
	CNY'000	*CNY'000*
Current		
Bank and other borrowings – guaranteed	**90,000**	50,000
Bank and other borrowings – secured	**100,000**	100,000
Bank and other borrowings – secured and guaranteed	**55,000**	20,000
Current portion of long term bank and other borrowings – secured and guaranteed	**1,360,764**	101,500
	1,605,764	271,500
Non-current		
Bank and other borrowings – secured and guaranteed	**288,998**	1,632,750
	1,894,762	1,904,250

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

(1) pledges over the Group's mining rights with a carrying amount of approximately CNY478.4 million (31 December 2020: CNY545.6 million) (Note 11) and Xingwang mining right of Guizhou Feishang Energy Co., Ltd. (貴州飛尚能源有限公司), which is a related party (31 December 2020: Nil) as at 31 December 2021;

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

(3) pledges over trade receivables in Jinsha Juli Energy Co., Ltd. ("**Jinsha Juli**") with carrying amounts of approximately CNY61.9 million as at 31 December 2021 (31 December 2020: approximately CNY123.7 million of Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") and Guizhou Puxin) (Note 13);

(4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun with carrying amounts of approximately CNY88.4 million as at 31 December 2021 (31 December 2020: machinery and equipment of approximately CNY36.5 million owned by Guizhou Yongfu and buildings of approximately CNY7.6 million owned by Guizhou Puxin) (Note 11); and

(5) the pledge of deposits in Guizhou Puxin and Liuzhi Xinsong Coal Mining Co., Ltd. ("**Xinsong Coal**") with a carrying amount of CNY51.3 million as at 31 December 2021 (31 December 2020: CNY51.0 million).

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,739.8 million (31 December 2020: CNY1,804.3 million) as at 31 December 2021. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,794.8 million (31 December 2020: CNY1,804.3 million) as at 31 December 2021.

All borrowings are denominated in CNY.

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

	2021	2020
	%	*%*
Fixed-rate bank and other borrowings	**5.46~9.26**	4.98~7.00
Floating-rate bank and other borrowings	**3.85~7.35**	4.05~7.35

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

	2021	2020
	CNY'000	*CNY'000*
Bank and other borrowings repayable:		
Within one year or on demand	**1,605,764**	271,500
In the second year	**89,499**	1,365,250
In the third to fifth years, inclusive	**199,499**	229,500
Beyond five years	**–**	38,000
	1,894,762	1,904,250

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2021 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements which indicates that as at 31 December 2021 the Group had net current liabilities of approximately CNY2,896.4 million and shareholders' deficit of approximately CNY648.1 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2021, the coal market was marked by high price volatility, shortages of supply, and strong policy interventions. After years' of low fixed asset investment in the coal industry, China's national targets of emission peak and carbon neutrality meant that willingness to make capital expenditure in the coal industry remained low, and as a result, overall coal production capacity grew at a slow pace which is not expected to improve significantly in the near future. Coupled with widespread suspensions of operations caused by accidents in other coal mines and significantly tightened safety supervision and environmental regulations, coal supply in 2021 was constrained, whilst a revival of demand occurred as the global economic recovery picked up. Shortages of supply occurred for a sustained period of time, causing the price of coal to rise rapidly until mid-October 2021, when policy interventions started to take effect, following which the price of coal dropped steeply to a more reasonable level.

The high market price of coal contributed to an increase in the average selling price of the Group's coal products in 2021 as compared to the prior year, but the increase in the average selling price was below expectation and not at all comparable to the increase in the market price. On the one hand, under long-term supply agreements and the policy of securing thermal coal supply, the proportion of coal products the Group sold to power plants at regulated price further increased as a result of the supply shortage, which further reduced sales of high-priced coal. On the other hand, the average selling price of the Group's coal products was still adversely affected by the temporary deterioration in coal quality due to geological complexities of current mining faces. Although the Group made great efforts to adjust product mix hoping to increase average selling price and revenue, the temporary deterioration in coal quality and the policy limited its ability to do so. Therefore, the average selling price of the Group's coal products only benefited to a limited extent from the increase in the market price of coal.

In addition, the geological complexities of current mining faces and the reduction in capital expenditures over the past few years also continued to constrain the overall production output of the Group. The inability to release enough production capacity in time inevitably limited the Group's ability to benefit from the market upswing in 2021. Apart from that, due to frequent coal mine safety incidents outside as well as within Guizhou province where the Group's operations situate, safety policies and supervision in 2021 became extremely tight nation-wide. 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 additional 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 safety precautions to ensure production safety and proactive compliance with the national and the additional stringent local requirements. The safety precautions included consulting the safety inspection personnel for constructive advice, further strengthening the safety management system by updating various production safety policies and gas control policies, further increasing the frequency of safety inspections, employing professional gas control teams, upgrading relevant production facilities, and enhancing safety-related trainings. This focus of efforts on ensuring safety slowed down tunnelling advancement and brought about temporary stoppages of coal production of the Group. The above resulted in an increase in unit production cost and a further decrease in overall production output and sales volume in 2021 as compared to the prior year.

In 2021, the Group continued to closely monitor the development of the COVID-19 pandemic and took all necessary precautions to mitigate relevant business risks and ensure the health and safety of its employees. All of the above resulted in a lower-than-expected increase in the Group's gross profit for the year ended 31 December 2021 as compared to the prior year. The Group also continued to incur financial burden due to the existing interest-bearing loans carried forward from 2020, which further undermined the Group's profitability.

The Group, having regard to the importance of product quality in creating sustainable advantage in future competition, strived to expand high-quality production capacity, enhance coal quality management and optimise product mix. Quality control and safety management were core to production management and were embraced throughout the entire production process. With proper preparations made, the Group believes that when the geological conditions improve, it will be able to release its production capacity and realise improved product quality and competitiveness. The coal processing systems and coal washing plants will allow the Group to perform coal screening, coal washing and efficient coal blending and supply customers with customised coal products of controllable quality. Against the backdrop of emission peak and carbon neutrality targets, the Group will also actively explore opportunities for realising clean and efficient use of coal. The Group will continue to strengthen the brand name of Feishang Anthracite to enable it to retain and further penetrate the high-end market.

Facing the difficult operating conditions in 2021, the Group continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction and tunnelling to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. The Group also continued to actively promote refined management and cost control to ensure that all investments and expenses were appropriate and just in time, reusable materials were recycled, and all mining, production and marketing activities were cost-effective.

As a result of the above internal and external complications, the Group recorded consolidated loss attributable to owners of the parent from continuing operations of approximately CNY110.3 million for the year ended 31 December 2021, representing a decrease of approximately 68.1% from approximately CNY345.9 million in the prior year.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue from continuing operations increased by approximately 10.7% from approximately CNY1,013.1 million in 2020 to approximately CNY1,121.0 million in 2021. The approximately CNY107.9 million increase in revenue in 2021 was mainly attributable to the rise in the average selling price of self-produced anthracite coal, notwithstanding a decrease in sales volume of self-produced anthracite coal. The average selling price net of value-added tax of self-produced anthracite coal rose from CNY360.8 per tonne in 2020 to CNY468.8 per tonne in 2021, representing an increase of approximately 29.9%, mainly as a result of the strong coal market demand. The sales volume of self-produced anthracite coal decreased from approximately 2.81 million tonnes in 2020 to approximately 2.39 million tonnes in 2021, representing a decline of approximately 14.9%. The decrease in sales volume 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 caused by the safety accidents in other coal mines unrelated to the Group.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to approximately 51.6% and 59.2% of total revenue in 2020 and 2021, respectively, increased from approximately CNY522.4 million (approximately 1.11 million tonnes sales volume) in 2020 to approximately CNY663.2 million (approximately 0.92 million tonnes sales volume) in 2021. The increase in revenue from sales of processed coal was due to a rise of CNY252.0 per tonne in the average selling price of processed coal. The reason for the increase in the average selling price has been discussed above.

In 2020 and 2021, the Group derived approximately 70.2% and 63.1% of its revenue from anthracite coal sales to its five largest customers, respectively, out of which, two customers were the power producers in Guizhou province who purchased thermal coal from the Group each year. The management of the Group believes that by further expanding the product mix through coal washing and coal blending, the dependency on a limited number of large customers will decrease gradually and the Group's profit margin will increase.

Cost of Sales

The Group's cost of sales from continuing operations increased by approximately 0.9% from approximately CNY715.6 million in 2020 to approximately CNY722.2 million in 2021. The increase was mainly due to the increase in labour costs and material, fuel and energy costs, notwithstanding a fall of approximately 14.9% in sales volume of self-produced anthracite coal.

Cost of Sales for Coal Mining

Labour costs in 2021 were approximately CNY236.0 million, representing an increase of approximately CNY12.7 million, or approximately 5.7%, as compared with approximately CNY223.3 million in 2020. Labour costs increased, while sales volume of self-produced anthracite coal decreased in 2021, because of the rise in labour cost per tonne of coal mining caused by the geological complexities of current mine faces at Dayun Coal Mine and Yongfu Coal Mine and the additional stringent safety supervision measures in Jinsha County where the Group's major coal mines were located.

Material, fuel and energy costs in 2021 were approximately CNY140.2 million, an increase of approximately CNY20.2 million or approximately 16.8%, as compared with approximately CNY120.0 million in 2020. Material, fuel and energy costs increased, while sales volume of self-produced anthracite coal decreased in 2021, because the Group incurred additional repair and maintenance of mine roadways and tunnels and costs of purchase of materials for safety work due to the additional stringent safety supervision measures imposed by the local government, and the prices of some main raw materials purchased by the Group increased during the year.

Depreciation and amortisation in 2021 were approximately CNY229.6 million, representing a decrease of approximately CNY13.1 million, or approximately 5.4%, as compared with approximately CNY242.7 million in 2020. The decrease in depreciation and amortisation in 2021 was caused by the decrease in production volume.

Taxes and levies in 2021 were approximately CNY53.5 million, a decrease of approximately CNY1.1 million or approximately 2.0% as compared with approximately CNY54.6 million in 2020. The decrease in the sales tax and levies, which mainly consisted of ad valorem resource tax imposed on coal mines, was mainly due to the drop in the revenue proportion of coal mines, in particular for Dayun Coal Mine in 2021.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, decreased from approximately CNY62.8 million in 2020 to approximately CNY50.0 million in 2021. 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 in 2021 and the decrease in transportation fee from Dayun Coal Mine and Baiping Coal Mine to the coal beneficiation plant for coal processing, which was partially offset by the 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	**2021**	2020
	CNY/tonne	*CNY/tonne*
Labour costs	**98.7**	79.5
Raw materials, fuel and energy	**58.6**	42.8
Depreciation and amortisation	**96.1**	86.5
Taxes & levies payable to governments	**22.4**	19.4
Other production-related costs	**5.4**	4.4
Total unit cost of sales for coal mining	**281.2**	232.6

Cost Items for Coal Processing Activities	**2021**	2020
	CNY/tonne	*CNY/tonne*
Labour costs	**9.8**	9.9
Materials, fuel and energy	**15.8**	20.2
Depreciation	**11.9**	7.0
Taxes & levies payable to governments	**4.6**	2.3
Transportation fee	**9.0**	15.0
Other coal processing related costs	**3.4**	2.2
Total unit cost of sales for coal processing	**54.5**	56.6

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit from continuing operations increased by approximately 34.1% from approximately CNY297.4 million in 2020 to approximately CNY398.8 million in 2021. The overall gross margin from continuing operations, which is equal to gross profit divided by revenue, increased from approximately 29.4% in 2020 to approximately 35.6% in 2021. The increase in overall gross profit and gross margin was primarily attributable to the surge in the average selling price of anthracite coal as discussed above.

Selling and Distribution Expenses

The selling and distribution expenses from continuing operations primarily consist of transportation fee in connection with the sales of thermal coal and salaries and benefits. There was no material change between 2021 and 2020.

Administrative Expenses

The administrative expenses from continuing operations decreased by approximately 4.3% from approximately CNY139.9 million in 2020 to approximately CNY133.9 million in 2021. The decrease was mainly due to the decrease in loss arising from temporary suspension production of Dayun Coal Mine and entertainment expenses resulting from stringent expense control measures.

Reversal of Impairment/Impairment of Financial Assets

The Group made the provision for impairment of trade receivables from continuing operations of approximately CNY7.4 million in 2020 and a reversal of impairment of trade receivables of approximately CNY2.0 million in 2021. The impairment or the reversal of impairment of trade receivables mainly resulted from the change in expected credit losses.

Impairment Losses on Property, Plant and Equipment

The Group had impairment losses on property, plant and equipment from continuing operations of approximately CNY246.2 million in 2020, resulting from the mining area adjustment of Liujiaba Coal Mine by the relevant authority in order to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020 and the higher production cost incurred by Liujiaba Coal Mine. No impairment loss on property, plant and equipment incurred in 2021.

Other Operating Expenses

Other operating expenses from continuing operations increased to approximately CNY38.9 million in 2021 from approximately CNY22.5 million in 2020. This was mainly caused by the increase in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group in 2021.

Operating Profit/Loss

As a result of the foregoing, the Group recorded the operating profit from continuing operations of approximately CNY121.4 million in 2021, as compared to the operating loss of approximately CNY225.0 million in 2020.

Finance Costs

The finance costs from continuing operations, which primarily consist of interest expenses on interest-bearing bank and other borrowings and lease liabilities, decreased by approximately 2.0% from approximately CNY164.8 million in 2020 to approximately CNY161.6 million in 2021. There was no material fluctuation in finance costs as the total interest-bearing bank and other borrowings and finance leases during the year remained approximately the same compared with those during the prior year.

Income Tax

The Group had an income tax credit from continuing operations of approximately CNY40.9 million in 2020, as compared to an income tax expense of approximately CNY50.4 million in 2021. The increase in income tax expense in 2021 was mainly due to the rise in current profit before income tax and the decrease in the reversal of deferred tax liabilities caused by the impairment loss on property, plant and equipment of Liujiaba Coal Mine which occurred in 2020.

Loss for the year from Continuing Operations

The loss from continuing operations decreased from approximately CNY346.9 million in 2020 to approximately CNY92.9 million in 2021. The decrease in loss from continuing operations in 2021 was mainly contributed by (i) the increase of approximately CNY101.4 million in gross profit resulting from the rise in average selling price; (ii) the decrease of approximately CNY246.2 million in impairment losses on property, plant and equipment resulting from the mining area adjustment of Liujiaba Coal Mine and the higher production cost incurred by Liujiaba Coal Mine in 2020; (iii) the decrease of approximately CNY6.0 million in administrative expenses mainly due to the decrease in loss arising from temporary suspension production of Dayun Coal Mine and entertainment expenses; and (iv) the decrease of approximately CNY7.4 million in impairment of trade receivables and the reversal of impairment of trade receivables of approximately CNY2.0 million. The decrease in loss was partially offset by (i) the increase of approximately CNY91.3 million in income tax expense mainly due to the increase in current profit before income tax and the decrease in the reversal of deferred tax liabilities; and (ii) the increase of approximately CNY16.4 million in other operating expenses mainly due to the increase in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations decreased from approximately CNY345.9 million in 2020 to approximately CNY110.3 million in 2021. The reasons for the decrease in the loss attributable to owners of the parent from continuing operations in 2021 have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

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

In 2021, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

(b) Discontinued operation of Guizhou Dayuan

On 24 May 2019, Guizhou Puxin, a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Baoshun, an independent third party, to dispose its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin, at an aggregate consideration of CNY55.0 million. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. The consideration shall be payable by Baoshun in various tranches upon the satisfactions of the subsequent conditions. During the year of 2019, Guizhou Puxin received tranches of CNY50.0 million from Baoshun. Up to 31 December 2021, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation. In March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2020 and 31 December 2021, the Group had net current liabilities of approximately CNY1,337.4 million and approximately CNY2,896.4 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2021. As at 31 December 2021, the Group had cash and cash equivalents of approximately CNY24.0 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 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 CNY1,605.8 million. As at 31 December 2021, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY289.0 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 of the Group and Xingwang mining right of Guizhou Feishang Energy Co., Ltd, equity interests in Guizhou Puxin and Guizhou Dayun, certain trade receivables in Jinsha Juli, certain mining structure, machinery and equipment in Guizhou Dayun, and certain bank deposits in Guizhou Puxin and Xinsong Coal. As at 31 December 2021, the Group had loans amounting to approximately CNY864.5 million with fixed interest rates ranging from 5.46% to 9.26% per annum. The remaining loans held by the Group as at 31 December 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 31 December 2021, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,804.3 million and approximately CNY1,739.8 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 CNY1,794.8 million, respectively.

As at 31 December 2020 and 31 December 2021, certain mining rights of the Group with carrying amounts of approximately CNY545.6 million and approximately CNY478.4 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,734.3 million and approximately CNY1,612.8 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 31 December 2021, the Company's equity interest in Guizhou Puxin and Guizhou Dayun were pledged to secure bank loans with a carrying amount of CNY669.5 million.

As at 31 December 2020, certain buildings, machinery and equipment owned by the Group with carrying amounts of approximately CNY44.1 million were pledged to secure the loan with a carrying amount of CNY20.0 million, and as at 31 December 2021, certain mining structure, machinery and equipment owned by the Group with a carrying amount of approximately CNY88.4 million were pledged to secure the loan with a carrying amount of approximately CNY37.0 million.

As at 31 December 2020 and 31 December 2021, certain trade receivables owned by the Group with carrying amounts of approximately CNY123.7 million and approximately CNY61.9 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 31 December 2021, certain bank deposits owned by the Group with carrying amounts of CNY51.0 million and CNY51.3 million, respectively, were pledged to secure loans with carrying amounts of CNY50.0 million and CNY50.0 million, respectively.

CAPITAL COMMITMENTS AND EXPECTED SOURCE OF FUNDING

As at 31 December 2021, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY21.6 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 1,105 full time employees (not including 1,187 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounting to approximately CNY365.3 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2021 (2020: CNY350.2 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme of the Company.

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

OUTLOOK

One obvious achievement of the supply-side reform in the coal industry is a marked increase in the concentration and quality of production capacity, which will facilitate mining mechanisation and intelligence, improve production efficiency and capacity utilisation rate, reduce production costs and enhance production safety. This will then facilitate overall production management and control and bring about higher quality and more stable domestic coal supply. However, against the backdrop of China's commitment to emission peak and carbon neutrality targets, and due to sustained low capital expenditure in the coal industry, long construction cycle, rigorous approval procedures for new production capacity, as well as tight control over mine safety and close monitoring of environmental compliance, the future expansion of production capacity and output in the coal industry is expected to continue to be mild and constrained. Also, coal imports are not expected to increase under strict import regulations and substantially increased international coal prices. Cyclical fluctuations in the coal industry will very likely diminish, which will be beneficial to supply-side stability and the profitability and healthy development of the coal industry.

On the demand side, the Central Economic Working Conference held in December 2021 ("CEWC 2021") emphasised the support of China's domestic economy and steady GDP growth with the implementation of targeted and highly supportive fiscal and monetary stabilising policies, which will lend steady support to overall electricity consumption as well as coal demand. Investment in infrastructure construction and the real estate industry is also expected to benefit from expansionary fiscal policies, which will support the iron and steel industry and the building materials industry so that they recover somewhat in a stringent regulatory environment. The chemical industry is expected to maintain rapid development under various policy supports, further boosting coal demand. In the near future, demand and supply in the coal market are expected to both maintain mild growth and generally stay in a tight balance. Severe coal and power supply shortages which occurred in 2021 will most likely be avoided in the future, but periodic and regional mismatch between coal demand and supply might still occur from time to time. The price of coal is expected to remain within a reasonable range. However, the extent to which the evolving COVID-19 pandemic will impact the global economy and the coal industry is still uncertain. Any widespread resurgence of COVID-19 in China and around the world could again cause deterioration in economic conditions and declines in market demand and prices, which will negatively impact the Group's results of operations.

In the future, the degree of coal industry concentration is expected to further increase, giving large coal enterprises more bargaining power. Production capacity will continue to increasingly concentrate in the northern and north-western part of China, while Guizhou province is the only region in southern China with abundant coal reserves. 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 and environmental protection, while actively focusing on coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products. The Group will also strive to expand production output in pursuit of economies of scale and opportunities for better product diversification. Facing the 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 Group is committed to its business strategy through vigorously (i) promoting the expansion of high-quality production capacity, coal washing facilities and transportation system; (ii) realising comprehensive mining mechanisation and intelligent production management; (iii) enhancing production safety management and environmental compliance; and, most importantly, (iv) supplying customers with diversified and customised coal products to retain high-quality customers and to penetrate the surrounding coal market.

The CEWC 2021 highlighted the importance of stability and the recognition of coal as the primary source of energy in China. Although clean energy will be an important source of energy in the future, its development cannot be achieved overnight. The targets of emission peak and carbon neutrality must be pursued with persistence but in a more stable manner. Energy security and stable power supply are essential to economic and social development. The gradual exit of traditional energy must be based on technological breakthroughs which improve the reliability, stability and economic efficiency of clean energy. At the present stage it is still important to focus on stable supply of coal and how to utilise coal energy in a more efficient and climate-friendly way. Therefore, the Company is cautiously positive about the coal industry in the middle to long term. The Company will also consider other potential business projects that can provide its shareholders with promising returns and benefit the Group as a whole when suitable opportunities arise.

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. Throughout the year ended 31 December 2021, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

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

SUBSEQUENT EVENTS

On 19 January 2022, Jinsha Juli received the remaining loan facility amounting to CNY40.0 million out of the total CNY100.0 million long-term bank loan from Bank of Guiyang, to be repaid on 18 January 2023. The purpose of the loan is to pay the purchase of coal. The loan bears interest at a fixed rate of 6.96% per annum.

On 28 January 2022, Guizhou Puxin and Jinsha Baiping Mining Co., Ltd. ("**Baiping Mining**"), and CCTEG Financial Leasing Co., Ltd. ("**CCTEG**") entered into the sale and leaseback agreement for the sale of the relevant machinery and equipment to CCTEG for an aggregate consideration of CNY30.0 million and the leaseback agreement for the lease of the relevant machinery and equipment from CCTEG for an aggregate consideration of CNY33.1 million. For details of the sale and leaseback arrangement, please refer to the announcement of the Company dated 28 January 2022. On 29 January 2022, Baiping Mining received the aggregate consideration of CNY30.0 million.

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 at an aggregate consideration of CNY55.0 million. During the year of 2019, Guizhou Puxin received tranches of CNY50.0 million from Baoshun. In March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2021 in this preliminary announcement have been reviewed by the audit committee of the Company and have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2021 by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company is scheduled to be held on 28 June 2022 (the "**2022 AGM**"). The notice of 2022 AGM will be published on the website of the Company at www.fsanthracite.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

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

Pursuant to the requirements of the Listing Rules, the 2021 annual report of the Company will set out all information required by the Listing Rules and will be published on the website of the Company (www.fsanthracite.com) and the designated website of the Stock Exchange (www.hkexnews.hk) on or before 30 April 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the 2022 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 June 2022.

APPRECIATION

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

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

Hong Kong, 30 March 2022

As at the date of this announcement, the executive Directors of the Company 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 of the Company are Mr. CHAN Him Alfred, Mr. LO Kin Cheung and Mr. WANG Xiufeng.