

FEISHANG

Feishang Anthracite Resources Limited



(Incorporated in the British Virgin Islands with limited liability)

Stock Code : 1738



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

AUDIT COMMITTEE

Mr. LO Kin Cheung (*Chairman*)
Mr. CHAN Him Alfred
Mr. WANG Xiufeng

NOMINATION COMMITTEE

Mr. CHAN Him Alfred (*Chairman*)
Mr. LO Kin Cheung
Mr. WANG Xiufeng
Mr. TAM Cheuk Ho

REMUNERATION COMMITTEE

Mr. WANG Xiufeng (*Chairman*)
Mr. CHAN Him Alfred
Mr. LO Kin Cheung
Mr. HAN Weibing

ESG COMMITTEE

Mr. YANG Guohua (*Chairman*)
Mr. HAN Weibing
Mr. LIN Quanlong
Ms. QIN Lu
Mr. WANG Xiufeng

AUDITOR

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

REGISTERED OFFICE

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

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

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COMPANY'S WEBSITE

<http://www.fsanthracite.com>

COMPANY'S STOCK CODE

1738.HK

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISERS

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

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

PRINCIPAL BANKERS

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2022

- Revenue from continuing operations increased by approximately 56.0% to approximately CNY698.8 million for the six months ended 30 June 2022 from approximately CNY447.9 million for the six months ended 30 June 2021
- Gross profit from continuing operations increased by approximately 117.8% to approximately CNY270.7 million for the six months ended 30 June 2022 from approximately CNY124.3 million for the six months ended 30 June 2021
- Loss attributable to owners of the parent from continuing operations decreased by approximately 82.5% to approximately CNY15.8 million for the six months ended 30 June 2022 from approximately CNY90.1 million for the six months ended 30 June 2021
- Basic loss per share from continuing operations was approximately CNY0.01

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the “Board”) of directors (the “Directors”) of Feishang Anthracite Resources Limited (the “Company”), I present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Reporting Period”).

BUSINESS REVIEW

During the first half of 2022, the world witnessed the Russia-Ukraine conflict, energy crisis and high inflation. External risks and uncertainties continued to create challenges for China’s economy and Chinese enterprises. China continued to fight against the COVID-19 pandemic while making great efforts to achieve economic recovery, but the economy was adversely affected by resurgence of the COVID-19 pandemic in major cities. In the first half of 2022, China’s gross domestic product (“GDP”) grew at a year-on-year rate of 2.5%, which was below target.

Within the coal industry, in the first half of 2022, coal supply and demand were generally in tight balance, and the risks of serious mismatches were temporarily mitigated. On the supply side, although coal supply still lacked elasticity due to supply-side reform, low capital expenditures and tight safety supervision and environmental inspections, the policy of securing coal supply was quite effective in gradually expanding production capacity and increasing coal supply. Meanwhile, coal imports further decreased and remained at low levels. Overall, coal supply was still constrained and under pressure. On the demand side, except the coal chemical industry which grew at a high rate, other downstream industries, including the thermal power industry, iron and steel industry and cement industry, were relatively weak due to resurgence of the COVID-19 pandemic in major cities in the first half 2022 and regulation of the real estate industry. The economy and coal demand were yet to recover from the impacts of the pandemic. In the first half of 2022, the price of coal increased until mid-March. Then it started to decline until May, when it stabilised at a relatively high level, which was the price ceiling set by the National Development and Reform Commission.

For the six months ended 30 June 2022, the Group recorded a turnaround from consolidated loss attributable to owners of the parent of approximately CNY92.2 million to consolidated profit for the period of approximately CNY11.7 million. As disclosed in the Profit Alert announcement of the Company dated 3 August 2022, thanks to the continued strong coal market sentiment and relatively high market price, the Group recorded an increase in revenue and gross profit for the six months ended 30 June 2022. The average selling price and sales volume of the Group’s coal products increased as compared to the corresponding period in 2021. However, the Group’s operations were still affected by the geological complexities of current mining faces, the significant proportion of coal products being sold to power plants at regulated price, and the stringent safety and environmental regulatory environment. Therefore, the average selling price and sales volume of the Group’s coal products only benefited to a limited extent from the strong coal market sentiment. If not for the profit from the discontinued operations which included the gain on the disposal of Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“Guizhou Dayuan”) during the six months ended 30 June 2022, the Group would have expected to record consolidated loss attributable to owners of the parent for the six months ended 30 June 2022. Also, the Group continued to incur financial burden due to the existing interest-bearing loans carried forward from 2021, which further undermined the Group’s profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

- During the Reporting Period, total production volume of the Group was approximately 1.14 million tonnes. As at 30 June 2022, the total proved and probable reserve of the four coal mines under Australian Code prepared by the Joint Ore Reserves Committee (the “JORC Code”) was approximately 167.55 million tonnes (calculated as if the four coal mines were wholly owned by the Group and adjusted by deducting those reserves extracted by the Group’s mining activities from 1 August 2013 to 30 June 2022). For details, please refer to the Summary of Mine Properties as set out on page 56 of this report.

Compliance

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

Risk Management and Internal Control

The Board has overall responsibility for the effective risk management and internal control systems of the Group and is committed to the maintenance of good corporate governance, practices and procedures of the Group. In accordance with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), the Group continuously improves the risk management and internal control systems, and updates a number of policies. The Board believes that these measures will strengthen the risk management and internal control systems of the Group. As far as the Group is aware, there were no fraudulent practices brought to the Group’s attention during the Reporting Period.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group’s total revenue increased by approximately 56.0% from approximately CNY447.9 million for the six months ended 30 June 2021 to approximately CNY698.8 million for the Reporting Period. The approximate CNY250.9 million increase in revenue during the Reporting Period was mainly contributed by the rise in the average selling price of self-produced anthracite coal and the increase in sales volume of self-produced anthracite coal. The sales volume of self-produced anthracite coal increased from approximately 1.17 million tonnes for the six months ended 30 June 2021 to approximately 1.37 million tonnes for the Reporting Period, representing an increase of approximately 17.1%, and the average selling price net of value-added tax of self-produced anthracite coal rose from CNY385.9 per tonne for the six months ended 30 June 2021 to CNY509.6 per tonne for the Reporting Period, representing an increase of approximately 32.1%, mainly as a result of the notable rebound in coal market sentiment.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to 49.0% and 54.5% of total revenue for the six months ended 30 June 2021 and the Reporting Period, respectively, increased from approximately CNY219.3 million (0.41 million tonnes sales volume) for the six months ended 30 June 2021 to approximately CNY381.0 million (0.47 million tonnes sales volume) during the Reporting Period. The increase in revenue from sales of processed coal was mainly due to a surge of CNY275.8 per tonne in the average selling price of processed coal. The reason for the increase in the average selling price has been discussed above.

Cost of Sales

The Group's cost of sales increased by approximately 32.3% from approximately CNY323.6 million for the six months ended 30 June 2021 to approximately CNY428.2 million for the Reporting Period. The increase was mainly due to the increase of approximately 17.1% in sales volume of self-produced anthracite coal and the increase in the unit production cost.

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY128.4 million, representing an increase of approximately CNY22.9 million, or approximately 21.7%, as compared with approximately CNY105.5 million for the six months ended 30 June 2021. The increase in labour costs were proportionally higher than the increase in sales volume of self-produced anthracite coal during the Reporting Period because of the rise in labour cost per tonne of coal mining caused by the geological complexities of current mine faces and the stringent safety supervision measures in Jinsha County in which the Group's major coal mines were located.

Material, fuel and energy costs for the Reporting Period were approximately CNY92.7 million, representing an increase of approximately CNY39.0 million, or approximately 72.6%, as compared with approximately CNY53.7 million for the six months ended 30 June 2021. The surge in material, fuel and energy costs were proportionally higher than the increase in sales volume of self-produced anthracite coal during the Reporting Period because the Group incurred additional repair and maintenance of mine tunnels and used more materials which were caused by the stringent safety supervision measures imposed by the local government and the geological complexities of current mine faces.

Depreciation and amortisation for the Reporting Period were approximately CNY131.7 million, representing an increase of approximately CNY22.1 million, or approximately 20.2%, as compared with approximately CNY109.6 million for the six months ended 30 June 2021. The increase in depreciation and amortisation for the Reporting Period was mainly caused by the increase in production volume.

Taxes and levies for the Reporting Period were approximately CNY31.4 million, representing an increase of approximately CNY10.1 million, or approximately 47.4%, as compared with approximately CNY21.3 million for the six months ended 30 June 2021. The increase in sales taxes and levies, which mainly consisted of ad valorem resource tax, was mainly due to the increase in revenue arising from the rise in the average selling price of anthracite coal during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY27.8 million for the six months ended 30 June 2021 to approximately CNY33.7 million for the Reporting Period. This was mainly due to the increase in material, fuel and energy costs resulting from the increase in repair and maintenance of equipment and transport belts during the Reporting Period, which was partially offset by the decrease in transportation fee from Dayun Coal Mine, Baiping Coal Mine and Yongsheng Coal Mine to the coal beneficiation plant of Jinsha Juli Energy Co., Ltd. (“Jinsha Juli”) for coal processing.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	Six months ended 30 June	
	2022	2021
	CNY/tonne	CNY/tonne
Labour costs	93.6	90.3
Materials, fuel and energy	67.6	46.0
Depreciation and amortisation	96.1	93.7
Taxes & levies payable to governments	22.9	18.3
Other production-related costs	7.5	4.8
Total unit cost of sales for coal mining	287.7	253.1

Cost Items for Coal Processing Activities	Six months ended 30 June	
	2022	2021
	CNY/tonne	CNY/tonne
Labour costs	10.7	9.8
Materials, fuel and energy	28.7	21.7
Depreciation	12.0	11.6
Taxes & levies payable to governments	3.8	3.8
Transportation fee	12.1	16.9
Other coal processing related costs	4.1	4.1
Total unit cost of sales for coal processing	71.4	67.9

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit increased by approximately 117.8% from approximately CNY124.3 million for the six months ended 30 June 2021 to approximately CNY270.7 million for the Reporting Period. The overall gross margin, which is equal to gross profit divided by revenue, increased from approximately 27.8% for the six months ended 30 June 2021 to approximately 38.7% for the Reporting Period. The increase in overall gross profit and gross margin was mainly contributed by the rise in the average selling price of anthracite coal as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit/Loss for the Reporting Period from Continuing Operations

The profit from continuing operations was approximately CNY1.3 million for the Reporting period, compared with the loss of approximately CNY91.9 million for the six months ended 30 June 2021. The decrease in loss from continuing operations for the Reporting Period was mainly caused by the increase of approximately CNY146.4 million in gross profit mainly resulting from the rise in average selling price and the increase in sales volume of self-produced anthracite coal during the Reporting Period. The decrease in loss was partially offset by (i) the increase of approximately CNY19.3 million in administrative expenses mainly due to the increase in staff cost and travel and entertainment expenses as the Group's operation expand; (ii) the increase of approximately CNY16.6 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; (iii) the increase of approximately CNY10.8 million in selling expenses mainly due to the increase in transportation cost for delivery of thermal coal; and (iv) the increase of approximately CNY6.7 million in non-operating expenses mainly due to the disposal of property, plant and equipment which can't be used for daily operations.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations decreased to approximately CNY15.8 million during the Reporting Period from approximately CNY90.1 million for the six months ended 30 June 2021. The reasons for the decrease in the loss attributable to owners of the parent for the Reporting Period from continuing operations have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Discontinued operation of Guizhou Dayuan

On 24 May 2019, Guizhou Puxin Energy Co., Ltd. (“Guizhou Puxin”), a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Guiyang Baoshun Energy Co., Ltd. (“Baoshun”), an independent third party, to dispose its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin. Guizhou Dayuan is mainly engaged in extraction and sales of anthracite coal in Nayong County, Guizhou Province, the PRC. As at 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. On 28 March 2022, the disposal of Guizhou Dayuan was completed upon the transfer of Guizhou Puxin’s entire equity interest and mining right in Guizhou Dayuan to Baoshun and the adjusted total cash consideration of CNY50.0 million was fully paid by Baoshun in prior years. During the period ended 28 March 2022, Guizhou Dayuan was classified as a discontinued operation. In addition, the gain of approximately CNY25.9 million recognised on the disposal of Guizhou Dayuan is included in the results of the discontinued operation.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2021 and 30 June 2022, the Group had net current liabilities of approximately CNY2,896.4 million and approximately CNY2,971.5 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the Reporting Period. As at 30 June 2022, the Group had cash and cash equivalents of approximately CNY28.7 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2022, 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 CNY1,533.8 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY263.4 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him, and some of the Group’s bank borrowings are secured by pledges of the mining rights of the Group and Xinwang mining right of Guizhou Feishang Energy Co., Ltd. (an associate of Mr. LI Feilie, the controlling shareholder of the Company), equity interests in Guizhou Puxin, Guizhou Dayun Mining Co., Ltd. (“Guizhou Dayun”) and Jinsha Baiping Mining Co., Ltd. (“Baiping Mining”), certain trade receivables in Jinsha Juli and Liuzhi Xinsong Coal Mining Co., Ltd. (“Xinsong Coal”), certain mining structure, machinery and equipment in Guizhou Dayun and Baiping Mining. As at 30 June 2022, the Group had loans amounting to approximately CNY1,094.1 million with fixed interest rates ranging from 5.4625% to 9.26% per annum. The remaining loans held by the Group as at 30 June 2022 had floating interest rates ranging from 7.025% to 7.35% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets of the Group

As at 31 December 2021 and 30 June 2022, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,739.8 million and approximately CNY1,716.1 million, respectively and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,794.8 million and approximately CNY1,716.1 million, respectively.

As at 31 December 2021 and 30 June 2022, certain mining rights of the Group with carrying amounts of approximately CNY478.4 million and approximately CNY468.6 million, respectively were pledged to secure bank loans with carrying amounts of CNY1,612.8 million and CNY1,570.1 million, respectively.

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, and as at 30 June 2022, the Company's equity interest in Guizhou Puxin, Guizhou Dayun and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY671.0 million.

As at 31 December 2021 and 30 June 2022, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY88.4 million and approximately CNY110.8 million, respectively were pledged to secure the loans with carrying amounts of CNY37.0 million and approximately CNY56.0 million, respectively.

As at 31 December 2021 and 30 June 2022, certain trade receivables owned by the Group with carrying amounts of approximately CNY61.9 million and approximately CNY237.6 million, respectively were pledged to secure loans with carrying amounts of CNY50.0 million and CNY302.1 million, respectively.

As at 31 December 2021, certain bank deposits owned by the Group with a carrying amount of CNY51.3 million were pledged to secure the loans with a carrying amount of CNY50.0 million, and as at 30 June 2022, no bank deposit owned by the Group was pledged to secure loans.

Currency Exposure and Management

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

Capital Commitments

As at 30 June 2022, the Group had contractual capital commitments in respect of coal mines mainly for construction of new tunnels, roads and purchase of machinery and equipment amounting to approximately CNY18.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 30 June 2022, except for the bank borrowings, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Gearing Ratio

As at 31 December 2021 and 30 June 2022, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year/Reporting Period and multiplying by 100%) was 144.1% and 145.3%, respectively. There was no material fluctuation in the gearing ratio for the Reporting Period.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 1,290 full time employees (not including 1,635 workers provided by third party labour agencies) from continuing operations for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY181.4 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2021: approximately CNY162.1 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

SUBSEQUENT EVENTS

On 14 July 2022, Jinsha Juli and Jiangxi Province Haiji Financial Leasing Co., Ltd. entered into a factoring agreement. Under the factoring agreement, on 18 July 2022, Jinsha Juli received a short-term loan amounting to CNY50.0 million to finance its working capital on security of a pledge over its trade receivables of approximately CNY72.1 million. The short-term loan, which bears a fixed interest rate of 9.291% per annum, is repayable on 17 July 2023.

On 15 July 2022 and 18 July 2022, Guizhou Puxin received and fully drew down the loan facilities amounting to CNY465.0 million and CNY145.0 million from China Minsheng Banking Corp., Ltd., to be repaid on 15 July 2023 and 18 July 2023, respectively. The purpose of the loans is to finance the working capital. The loans bear a fixed annual interest rate 7.0% per annum and 6.0% per annum, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

On 28 July 2022, pursuant to the finance lease agreement entered on 22 April 2022 among Guizhou Puxin and Guizhou Yongfu Mining Co., Ltd. (“Guizhou Yongfu”), and CCTEG Financial Leasing Co., Ltd. (“CCTEG”), CCTEG agreed to acquire the relevant coal machinery and equipment as per the instructions given by Guizhou Puxin and Guizhou Yongfu and to lease the relevant coal machinery and equipment to Guizhou Puxin and Guizhou Yongfu at a total rental amount of approximately CNY43.1 million. In addition, Guizhou Puxin, Guizhou Yongfu, and CCTEG entered into the sale and purchase agreements with four equipment vendors, respectively, pursuant to which CCTEG agreed to acquire the relevant coal machinery and equipment from the four equipment vendors as per the instructions given by Guizhou Puxin and Guizhou Yongfu at a total consideration of approximately CNY39.0 million. For details of the Group’s finance lease arrangement, please refer to the announcement of the Company dated 28 July 2022.

On 18 August 2022, Guizhou Puxin received and fully drew down a CNY80.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 17 August 2023. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.075% (3.7% per annum, resulting in an annual interest rate of 6.775% per annum).

On 30 August 2022, Guizhou Puxin received and fully drew down a CNY70.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 29 August 2023. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.125% (3.65% per annum, resulting in an annual interest rate of 6.775% per annum).

PROSPECTS

Against the backdrop of China’s commitment to emission peak and carbon neutrality targets, and due to sustained low capital expenditures in the coal industry, long construction cycles, 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 remain mild and constrained. Also, coal imports are expected to remain low under international energy shortage and increasing international coal price. Policies of securing coal supply and price caps are expected to be in place to increase production output and regulate the market.

On the demand side, the targeted and highly supportive fiscal and monetary stabilising policies implemented by the Chinese government are expected to gradually show effects and support China’s economy to recover from the impacts of the pandemic, which will lend steady support to overall electricity consumption as well as coal demand. The chemical industry is expected to maintain rapid growth and continue to benefit from the high international oil price, further boosting coal demand. The iron and steel industry and building materials industry are expected to remain relatively weak awaiting the recovery of the depressed real estate industry. In the near future, coal supply and demand are expected to both maintain mild growth and generally stay in a tight balance, but periodic and regional mismatch might still occur from time to time. In the second half of 2022, the price of coal is expected to remain at a relatively high level, which is the price ceiling set by the National Development and Reform Commission.

MANAGEMENT DISCUSSION AND ANALYSIS

In view of the stringent safety and environmental regulatory environment and increasingly intensified competition from both local and northern coal producers, the Group will continue to attach great importance to production safety and environmental protection, while actively focusing on high-quality production capacity expansion, coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products and maintain high-end customers. The Group will also continue to improve production efficiency and intelligence and enhance refined management and cost control. Facing the longer-than-expected temporary deterioration in coal quality caused by geological complexities of current mining faces, the Group will continue to make strategic preparations for concentrated mining of high-quality coal in the coming years, in order to place itself in an advantageous position for competing in the high-quality coal market in the future.

The Company will also consider other business projects that can provide its shareholders with promising returns and benefit the Group as a whole when suitable opportunities arise.

AUDIT COMMITTEE

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

The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the Company’s auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

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

By Order of the Board

Feishang Anthracite Resources Limited

HAN Weibing

Chairman and Chief Executive Officer

Hong Kong, 31 August 2022

OTHER INFORMATION

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

As at 30 June 2022, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

Notes:

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

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

(I) The Company

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

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

China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	400,000	0.98
Mr. TAM Cheuk Ho	Long position	Beneficial owner	281,926	0.69

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the required standard set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

OTHER INFORMATION

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

The Directors are not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2021 Annual Report of the Company.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 28 June 2022 (the "Date of Adoption") (the "Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company (the "Shares") subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and for an effective period of 10 years from the Date of Adoption. The Share Option Scheme is an incentive scheme and is established to enable the Group to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company's business and that of its subsidiaries. The Eligible Persons include (a) any employee, executive director, non-executive director (excluding independent non-executive director) or consultant of the Company or any subsidiary; or (b) any other person who has contributed to the success of the listing of the Company on the Stock Exchange, in each case, as determined by the Board. The eligibility of an Eligible Person will be determined by the Board with reference to his or her past and expected commitment and contribution to the Company and/or the subsidiaries.

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

The total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580 Shares, representing 10% of the Shares in issue as at the date of approval of the Share Option Scheme. The listing approval in respect of the Shares which may be issued on exercise of the options under the Share Option Scheme was granted by the Listing Committee of the Stock Exchange on 5 July 2022. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, unless approved by the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK\$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the Company's shareholders.

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

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

As at 30 June 2022, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 138,054,580 Shares available for issue under the Share Option Scheme (representing 10.0% of the existing issued Shares of the Company as at the date of this report).

INDEPENDENT REVIEW REPORT



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To the board of directors of Feishang Anthracite Resources Limited

(Incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 55, which comprises the condensed consolidated statement of financial position of Feishang Anthracite Resources Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1.1 to the interim condensed consolidated financial information which indicates that as at 30 June 2022, the Group had net current liabilities of CNY2,971.5 million and shareholders’ deficit of CNY619.8 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Ernst & Young
Certified Public Accountants
Hong Kong
31 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	4	698,848	447,905
Cost of sales		(428,180)	(323,566)
Gross profit		270,668	124,339
Selling and distribution expenses		(60,933)	(50,132)
Administrative expenses		(79,719)	(60,424)
Other operating expenses, net		(24,813)	(8,164)
OPERATING PROFIT		105,203	5,619
Finance costs	5	(79,005)	(80,928)
Interest income	7	432	1,830
Share of loss of an associate		(77)	(248)
Non-operating expenses, net	6	(9,524)	(2,859)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	7	17,029	(76,586)
Income tax expense	9	(15,680)	(15,265)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		1,349	(91,851)
DISCONTINUED OPERATIONS			
PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3	27,471	(2,108)
PROFIT/(LOSS) FOR THE PERIOD		28,820	(93,959)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(15,801)	(90,121)
From discontinued operations		27,475	(2,103)
		11,674	(92,224)
Non-controlling interests			
From continuing operations		17,150	(1,730)
From discontinued operations		(4)	(5)
		17,146	(1,735)
		28,820	(93,959)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	10	(0.01)	(0.07)
– For profit from discontinued operations	10	0.02	*
– Net profit/(loss) per share		0.01	(0.07)

* Insignificant

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	28,820	(93,959)
Other comprehensive income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,250)	1,750
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	5,745	(1,701)
Other comprehensive (loss)/income for the period, net of tax	(505)	49
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	28,315	(93,910)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	(16,306)	(90,072)
From discontinued operations	27,475	(2,103)
	11,169	(92,175)
Non-controlling interests		
From continuing operations	17,150	(1,730)
From discontinued operations	(4)	(5)
	17,146	(1,735)
	28,315	(93,910)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 CNY'000 (Unaudited)	31 December 2021 CNY'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,556,555	2,485,772
Right-of-use assets	13(a)	300,351	330,238
Rehabilitation fund	14	11,953	10,112
Prepayments and other receivables	17	65,022	66,035
Investment in an associate		–	797
Deferred tax assets	9	47,115	54,745
TOTAL NON-CURRENT ASSETS		2,980,996	2,947,699
CURRENT ASSETS			
Inventories	15	33,443	31,527
Trade and bills receivables	16	38,036	91,866
Prepayments and other receivables	17	117,604	120,359
Financial assets at fair value through profit or loss		6,850	6,431
Pledged deposits	18	35,019	61,300
Cash and cash equivalents	18	28,739	23,952
		259,691	335,435
Assets of a disposal group classified as held for sale	3(b)	–	83,310
TOTAL CURRENT ASSETS		259,691	418,745
TOTAL ASSETS		3,240,687	3,366,444
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	19	762,426	722,964
Other payables and accruals	20	684,984	647,352
Interest-bearing bank and other borrowings	21	1,533,761	1,605,764
Lease liabilities	13(b)	88,722	100,332
Due to an associate	26(c)	104	164
Interest payable		39,503	37,391
Income tax payable		75,033	91,798
Mining right payables		43,780	43,780
Deferred income	22	2,851	2,851
		3,231,164	3,252,396
Liabilities directly associated with the assets classified as held for sale	3(b)	–	62,710
TOTAL CURRENT LIABILITIES		3,231,164	3,315,106

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2022

	Notes	30 June 2022 CNY'000 (Unaudited)	31 December 2021 CNY'000 (Audited)
NON-CURRENT LIABILITIES			
Due to a related company	26(c)	194,878	233,278
Due to the Shareholder	26(c)	8,537	6,521
Interest-bearing bank and other borrowings	21	263,351	288,998
Lease liabilities	13(b)	57,110	77,755
Deferred tax liabilities	9	76,843	63,350
Deferred income	22	14,280	15,706
Asset retirement obligations	23	14,283	13,804
TOTAL NON-CURRENT LIABILITIES		629,282	699,412
TOTAL LIABILITIES		3,860,446	4,014,518
EQUITY			
Share capital	24	1,081	1,081
Reserves		(839,117)	(850,286)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(838,036)	(849,205)
NON-CONTROLLING INTERESTS		218,277	201,131
TOTAL EQUITY		(619,759)	(648,074)
TOTAL LIABILITIES AND EQUITY		3,240,687	3,366,444

Han Weibing

Chairman and Executive Director

Wong Wah On Edward

Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Attributable to owners of the parent

	Share capital	Share premium account*	Safety fund and production maintenance fund*	Special reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
	Note 24								
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)	
At 1 January 2021	1,081	204,524	328,832	30,724	(1,306,036)	5,304	(735,571)	183,748	(551,823)
Loss for the period	-	-	-	-	(92,224)	-	(92,224)	(1,735)	(93,959)
Exchange differences on translation of foreign operations	-	-	-	-	-	49	49	-	49
Total comprehensive loss for the period	-	-	-	-	(92,224)	49	(92,175)	(1,735)	(93,910)
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	4,967	-	(4,967)	-	-	-	-
At 30 June 2021	1,081	204,524	333,799	30,724	(1,403,227)	5,353	(827,746)	182,013	(645,733)
At 1 January 2022	1,081	204,524	329,380	30,724	(1,420,427)	5,513	(849,205)	201,131	(648,074)
Profit for the period	-	-	-	-	11,674	-	11,674	17,146	28,820
Exchange differences on translation of foreign operations	-	-	-	-	-	(505)	(505)	-	(505)
Total comprehensive income for the period	-	-	-	-	11,674	(505)	11,169	17,146	28,315
Disposal of equity interests in a subsidiary	-	-	(2,572)	-	2,572	-	-	-	-
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	(19,145)	-	19,145	-	-	-	-
At 30 June 2022	1,081	204,524	307,663	30,724	(1,387,036)	5,008	(838,036)	218,277	(619,759)

* These reserve accounts comprise the consolidated negative reserves of CNY839.1 million (30 June 2021: consolidated negative reserves of CNY828.8 million) as at 30 June 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		411,011	105,109
Interest received		432	1,830
Interest paid		(77,333)	(72,954)
Income tax paid		(11,322)	(1,009)
Net cash generated from operating activities		322,788	32,976
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(149,987)	(69,969)
Receipt of a government grant		–	780
Proceeds from financial assets at fair value through profit or loss		38	183
Proceeds from disposal of property, plant and equipment		131	–
Net cash used in investing activities		(149,818)	(69,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		320,781	97,750
Repayments of interest-bearing bank and other borrowings		(418,431)	(124,248)
Decrease in restricted bank deposits		26,281	70,480
Advances from the Shareholder		2,016	–
Advances from a related company		365,335	289,557
Repayments to a related company		(403,735)	(279,798)
Principal portion of lease payments		(59,925)	(16,976)
Net cash (used in)/generated from financing activities		(167,678)	36,765
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(505)	49
Cash and cash equivalents at the beginning of the period		23,952	29,587
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		28,739	30,371
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	18	28,739	29,968
Cash and bank balance attributed to a disposal group classified as held for sale		–	403
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		28,739	30,371

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

1.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

As at 30 June 2022, the Group had net current liabilities of CNY2,971.5 million (31 December 2021: CNY2,896.4 million) and total assets less current liabilities of CNY9.5 million (31 December 2021: CNY51.3 million).

Going Concern

As at 30 June 2022, the Group had net current liabilities of CNY2,971.5 million and shareholders' deficit of CNY619.8 million. In view of these circumstances, the directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise"), controlled by Mr. Li Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) focusing on coal quality management to improve the competitiveness and average selling price of its coal products by expanding 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 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 interim condensed consolidated financial information of the Group has been prepared on a going concern basis.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss, the amendments did not have any impact on the financial position and performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

1.2 Changes in Accounting Policies and Disclosures (continued)

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

2. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2022, 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 resource allocation and performance assessment.

Geographical Information

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

Information About Major Customers

During the six months ended 30 June 2022, revenue derived from sales to the three largest customers amounted to 22.7%, 13.9% and 12.6% of the consolidated revenue, respectively. During the six months ended 30 June 2021, revenue derived from sales to the three largest customers amounted to 35.3%, 13.1% and 10.4% of the consolidated revenue, respectively.

3. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China (the "PRC"), which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposals approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. During the six months ended 30 June 2022, substantially all the work at Gouchang Coal Mine had ceased, and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the interim condensed consolidated statement of profit or loss. There was no significant impact of the discontinued operation on the interim condensed consolidated statement of profit or loss during the six months ended 30 June 2022.

* For identification purpose only

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

3. DISCONTINUED OPERATIONS (continued)

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

The results of Gouchang Coal Mine for the six months ended 30 June 2022 and 2021 are presented below:

	Six months ended 30 June	
	2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
Finance costs	(1)	(1)
Non-operating expenses, net	(352)	(392)
LOSS BEFORE INCOME TAX	(353)	(393)
Income tax expense	–	–
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	(353)	(393)
Attributable to:		
Owners of the parent	(349)	(388)
Non-controlling interests	(4)	(5)
	(353)	(393)

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

	Six months ended 30 June	
	2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
Operating activities	(376)	(508)
Financing activities	399	560
Net cash inflow	23	52

(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. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. As at 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

3. DISCONTINUED OPERATIONS (continued)

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

On 28 March 2022, the disposal of Guizhou Dayuan was completed upon the transfer of Guizhou Puxin’s entire equity interest and mining right in Guizhou Dayuan to Baoshun and the adjusted total cash consideration of CNY50.0 million was fully paid by Baoshun in prior years. During the period ended 28 March 2022, Guizhou Dayuan was classified as a discontinued operation. In addition, the gain recognised on the disposal of Guizhou Dayuan is included in the results of the discontinued operation.

The results of the discontinued operation are presented below:

	For the period from 1 January 2022 to 28 March 2022 CNY’000 (Unaudited)
Revenue	8,140
Cost of sales	(3,117)
Gross profit	5,023
Administrative expenses	(4,599)
OPERATING PROFIT	424
Finance costs	(34)
Non-operating income, net	1,556
Profit from the discontinued operation	1,946
Gain on disposal of the discontinued operation	25,878
PROFIT BEFORE INCOME TAX FROM THE DISCONTINUED OPERATION	27,824
Income tax expense	–
PROFIT FOR THE PERIOD FROM THE DISCONTINUED OPERATION	27,824
Attributable to:	
Owners of the parent	27,824
Non-controlling interests	–
	27,824

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

3. DISCONTINUED OPERATIONS (continued)

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

The details of the net assets of discontinued operation as at 28 March 2022 are as follows:

	At 28 March 2022 CNY'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	71,051
Inventories	6,057
Rehabilitation fund	1,500
Prepayments and other receivables	6,862
Trade receivables	27
Cash and cash equivalents	1,676
Trade payables	(2,274)
Other payables and accruals	(37,309)
Income tax payable	(1,221)
Deferred tax liabilities	(20,363)
Asset retirement obligations	(1,884)
	24,122
Gain on disposal of the discontinued operation	25,878
	50,000
Satisfied by:	
Other payable*	50,000

* The cash consideration has been fully received in 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

3. DISCONTINUED OPERATIONS (continued)

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

An analysis of the cash flows of cash and cash equivalents in respect of the disposal of the discontinued operation is as follows:

	Six months ended 30 June 2022 CNY'000 (Unaudited)
Cash consideration received in 2022	–
Less: Cash and cash equivalents disposed of	(1,676)
Net cash outflows from the disposal of the discontinued operation	(1,676)

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

	For the period from 1 January 2022 to 28 March 2022 CNY'000 (Unaudited)
Operating activities	3,216
Investing activities	(964)
Financing activities	(1,577)
Net cash inflow	675

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

	Six months ended 30 June 2022 CNY'000 (Unaudited)
Profit for the period attributable to ordinary equity holders of the parent from discontinued operations	27,475
Weighted average number of ordinary shares ('000 shares): Basic and diluted	1,380,546
Profit per share attributable to ordinary equity holders of the parent from discontinued operations (CNY per share): Basic and diluted	0.02

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

4. REVENUE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	698,848	447,905

(i) Disaggregated revenue information

	Six month ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Types of goods		
Sale of coal	698,673	451,034
Coal trading	175	(3,129)
	698,848	447,905
Geographic market		
Mainland China	698,848	447,905
Timing of revenue recognition		
Goods transferred at a point of time	698,848	447,905

(ii) Performance obligations

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

Sale of coal

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

Coal trading

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	66,717	68,351
Interest on lease liabilities	4,700	6,875
Interest on payables for mining rights	1,073	1,073
Total interest expense	72,490	76,299
Bank charges	1,402	550
Discount interest	4,634	3,631
Accretion expenses	479	448
	79,005	80,928

6. NON-OPERATING EXPENSES, NET FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Government grant	(1,591)	(1,778)
Surcharges for late tax payments	5,449	576
Safety production fines	2,131	4,125
Loss on disposal of property, plant and equipment	3,253	25
Others	282	(89)
	9,524	2,859

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

7. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
Crediting:		
Interest income on bank deposits	432	1,830
Government grant (a)	1,625	1,778
Charging:		
Cost of inventories sold (b)	321,480	257,639
Sales tax and surcharge	32,177	22,911
Utilisation of the safety fund and production maintenance fund	74,523	43,016
Cost of sales	428,180	323,566
Employee benefit expenses (Note 8)	180,949	152,186
Depreciation, depletion and amortisation:		
– Property, plant and equipment	131,083	107,444
– Right-of-use assets	14,047	15,702
Lease payments not included in the measurement of lease liabilities	164	–
Impairment/(reversal of impairment) of financial assets, net	2,536	(3,114)
Impairment of investment in an associate	720	–
Loss on disposal of property and equipment	3,253	–
Gains from financial assets at fair value through profit or loss	458	201
Repairs and maintenance	19,403	10,381

(a) Included in the government grant was a total amount of CNY1.59 million in non-operating income and CNY0.03 million in other operating income for the period ended 30 June 2022.

(b) Included in the cost of inventories sold was CNY264.0 million for the six months ended 30 June 2022 (six months ended 30 June 2021: CNY219.2 million), relating to employee benefit expenses and depreciation, depletion and amortisation, which are also included in the respective amounts disclosed separately above for each type of expenses.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

8. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Wages, salaries and allowances	165,387	137,110
Contribution to pension plans (a)	3,603	10,358
Housing funds (a)	1,046	2,397
Welfare and other expenses	11,321	12,193
Sub-total	181,357	162,058

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

Employee benefits charged to the profit/(loss) from continuing operations are analysed as follows:

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Total employee benefits accrued for the period	181,357	162,058
Less:		
Amount included in inventories	(408)	(2,722)
Amount included in property, plant and equipment	—	(7,150)
Amount charged to profit/(loss) from continuing operations (Note 7)	180,949	152,186

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

9. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the British Virgin Islands (“BVI”) and conducts its primary business through its subsidiaries in Mainland China. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%). The Company’s Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation had tax losses during the six months ended 30 June 2022 and 2021. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on corporate income tax (“CIT”) and Implementation Regulation of the Corporate Income Tax Law (the “CIT Law”), the tax rate applicable to PRC group entities was 25% during the six months ended 30 June 2022 except that Jinsha Juli Energy Co., Ltd. (“Jinsha Juli”) was entitled to the preferential tax rate of 15% according to the approval opinion issued by Guizhou Provincial Development and Reform Commission in June 2022, because the technique adopted by its operating business meets the criterion of “Catalogue of Encouraged Industries in Western Regions (2020 Version)” (six months ended 30 June 2021: 25%).

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

As of 30 June 2022, the Group did not recognise deferred tax liabilities for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Mainland China as there were no undistributed earnings available due to the aggregate loss of these subsidiaries.

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

	Six months ended 30 June	
	2022	2021
	CNY’000	CNY’000
	(Unaudited)	(Unaudited)
Current – Mainland China	(5,443)	12,423
Deferred – Mainland China	21,123	2,842
	15,680	15,265

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Deferred tax assets		
Accrued liabilities and other payables	6,093	5,707
Capitalised pilot run income	10,025	10,458
Tax losses	50,594	65,388
Depreciation of property, plant and equipment	27,881	24,056
Temporary difference related to lease	4,596	4,262
Bad debt provision	5,664	5,664
	104,853	115,535
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	(134,581)	(124,140)
Net deferred tax liabilities	(29,728)	(8,605)
Classification in the interim condensed consolidated statement of financial position:		
Deferred tax assets	47,115	54,745
Deferred tax liabilities	(76,843)	(63,350)

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

10. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted profit/(loss) per share amounts for the period were calculated as follows:

	Six months ended 30 June	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period attributable to ordinary equity holders of the parent:		
from continuing operations	(15,801)	(90,121)
from discontinued operations	27,475	(2,103)
	11,674	(92,224)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
Profit/(Loss) per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
from continuing operations	(0.01)	(0.07)
from discontinued operations	0.02	*
	0.01	(0.07)

* Insignificant

The Company did not have any potential diluted shares throughout the period. Accordingly, the diluted profit/(loss) per share amounts are the same as the basic profit/(loss) per share amounts.

11. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the additions of property, plant and equipment (excluding the items transferred from construction in progress) and construction in progress amounted to CNY17.3 million (six months ended 30 June 2021: CNY20.0 million) and CNY143.2 million (six months ended 30 June 2021: CNY59.8 million), respectively.

During the six months ended 30 June 2022, the total depreciation accrued was CNY131.1 million (six months ended 30 June 2021: CNY107.4 million).

As at 30 June 2022, certain mining rights with a carrying amount of CNY468.6 million (31 December 2021: CNY478.4 million) were pledged to secure bank loans with a carrying amount of CNY1,570.1 million (31 December 2021: CNY1,612.8 million) (Note 21).

As at 30 June 2022, certain mining structure, machinery and equipment with a carrying amount of CNY110.8 million (31 December 2021: CNY88.4 million) were pledged to secure bank loans with a carrying amount of CNY56.0 million (31 December 2021: CNY37.0 million) (Note 21).

As at 30 June 2022, certain buildings with a carrying amount totalling CNY93.4 million (31 December 2021: CNY94.2 million) were without title certificates.

13. LEASES

(a) Right-of-use assets

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

	Leasehold land CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total CNY'000
As at 1 January 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 and 1 January 2022	54,514	270,265	5,459	330,238
Additions	1,027	27,843	–	28,870
Depreciation charge	(197)	(12,808)	(1,042)	(14,047)
Reclassified to property, plant and equipment	–	(44,710)	–	(44,710)
As at 30 June 2022	55,344	240,590	4,417	300,351

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

13. LEASES (continued)

(b) Lease liabilities

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Carrying amount at the beginning of period/year	178,087	130,486
New leases	27,670	122,692
Accretion expense	4,700	12,293
Payments	(64,625)	(87,384)
Carrying amount at the end of period/year	145,832	178,087
Analysed into:		
Current portion	88,722	100,332
Non-current portion	57,110	77,755

14. REHABILITATION FUND

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

15. INVENTORIES

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Spare parts and consumables	33,691	27,548
Coal	1,562	5,789
Less: Provision for impairment	(1,810)	(1,810)
	33,443	31,527

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

16. TRADE AND BILLS RECEIVABLES

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Trade receivables	87,732	121,811
Less: Loss allowance for impairment of trade receivables	(55,893)	(53,357)
	31,839	68,454
Bills receivable	6,197	23,412
	38,036	91,866

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

Trade receivables of CNY237.6 million (31 December 2021: CNY61.9 million) were pledged as security for a short-term loan of CNY302.1 million (31 December 2021: CNY50.0 million) as at 30 June 2022 (Note 21).

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

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Within 3 months	21,789	15,324
3 to 6 months	1,696	15,793
6 to 12 months	656	28,538
Over 12 months	7,698	8,799
	31,839	68,454

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

16. TRADE AND BILLS RECEIVABLES (continued)

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
At the beginning of the period/year	53,357	55,318
Impairment/(reversal of impairment), net	2,536	(1,961)
At the end of the period/year	55,893	53,357

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

17. PREPAYMENTS AND OTHER RECEIVABLES

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Current:		
Prepaid spare parts and consumables purchases	37,955	42,785
Deposits	23,385	24,286
Staff advances	8,417	7,480
Withheld social security	27,986	27,829
Value-added tax recoverable	4,225	3,486
Prepaid transportation fee	7,381	5,981
Prepaid coals for trading purpose	5,392	5,392
Others	10,411	10,668
Less: Provision for impairment	(7,548)	(7,548)
	117,604	120,359
Non-current:		
Prepayments for construction-related work	35,130	37,409
Prepayments for equipment purchases	29,438	28,382
Prepayments for mining plan design	1,358	1,390
Others	2,609	2,367
Less: Provision for impairment	(3,513)	(3,513)
	65,022	66,035
	182,626	186,394

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

17. PREPAYMENTS AND OTHER RECEIVABLES (continued)

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Current:		
At the beginning of the period/year	7,548	7,548
Impairment losses recognised	–	–
Sub-total	7,548	7,548
Non-current:		
At the beginning of the period/year	3,513	3,513
Impairment losses recognised	–	–
Sub-total	3,513	3,513
At the end of the period/year	11,061	11,061

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Cash and bank balances	63,758	85,252
Less: Pledged deposits:		
Pledged and restricted for bank bills (Note 19)	(35,019)	(10,000)
Pledged and restricted for bank loans (Note 21)	–	(51,300)
	(35,019)	(61,300)
Cash and cash equivalents	28,739	23,952

- (i) Pledged deposits mainly include deposits of CNY35.0 million (31 December 2021: CNY10.0 million) held as security for bank bills.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
CNY	63,296	85,099
Hong Kong dollar	462	153
	63,758	85,252

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

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

19. TRADE AND BILLS PAYABLES

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Trade payables (a)	717,426	702,964
Bills payable	45,000	20,000
	762,426	722,964

(a) Included in trade payables was CNY445.9 million (31 December 2021: CNY413.0 million) due to construction-related contractors as at 30 June 2022.

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For the six months ended 30 June 2022

19. TRADE AND BILLS PAYABLES (continued)

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Within one year	230,458	285,948
One to two years	461,712	406,888
Two to three years	21,530	6,385
More than three years	3,726	3,743
	717,426	702,964

Bills payable are bills of exchange with maturity of less than one year. Pledged deposits of CNY35.0 million (31 December 2021: CNY10.0 million) were pledged to secure the bank bills as at 30 June 2022 (Note 18).

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

20. OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Deposits from contractors	247,079	243,953
Social security payable (a)	91,568	98,484
Payroll payable	68,910	39,350
Contract liabilities (b)	117,112	87,297
Other taxes payable	105,756	77,631
Professional fee	2,387	2,388
Payables for emergency rescue of the coal mine	4,000	4,000
Geological hazard compensation	8,575	10,286
Receipts from disposal of a subsidiary	-	50,000
Others	39,597	33,963
	684,984	647,352

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

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

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

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For the six months ended 30 June 2022

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Current		
Bank and other borrowings – guaranteed	90,000	90,000
Bank and other borrowings – secured	50,000	100,000
Bank and other borrowings – secured and guaranteed	283,129	55,000
Current portion of long-term bank and other borrowings – secured and guaranteed	1,110,632	1,360,764
	1,533,761	1,605,764
Non-current		
Bank and other borrowings – secured and guaranteed	263,351	288,998
	263,351	288,998
	1,797,112	1,894,762

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 CNY468.6 million (31 December 2021: CNY478.4 million) (Note 12) 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, as at 30 June 2022;
- (2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun") and Jinsha Baiping Mining Co., Ltd. ("Baiping Mining") as at 30 June 2022 and pledges over the Company's equity interests in Guizhou Puxin and Guizhou Dayun as at 31 December 2021;
- (3) pledges over trade receivables in Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal") and Jinsha Juli with a carrying amount of CNY237.6 million (31 December 2021: CNY61.9 million in Jinsha Juli) as at 30 June 2022 (Note 16);
- (4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun with a carrying amount of CNY86.8 million and by Baiping Mining with a carrying amount of CNY24.0 million (31 December 2021: CNY88.4 million owned by Guizhou Dayun) (Note 12); and
- (5) the pledge of a deposit with a carrying amount of nil (31 December 2021: CNY51.3 million in Guizhou Puxin and Xinsong Coal) as at 30 June 2022 (Note 18).

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings of up to CNY1,716.1 million (31 December 2021: CNY1,739.8 million) as at 30 June 2022. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings of up to CNY1,716.1 million (31 December 2021: CNY1,794.8 million) as at 30 June 2022.

All borrowings are denominated in CNY.

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For the six months ended 30 June 2022

22. DEFERRED INCOME

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
At the beginning of period/year	18,557	17,833
Additions	–	3,601
Amortised during the period/year	(1,426)	(2,877)
At the end of period/year	17,131	18,557
Portion classified as current liabilities	(2,851)	(2,851)
Non-current portion	14,280	15,706

23. ASSET RETIREMENT OBLIGATIONS

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

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

	Amount CNY'000
At 1 January 2021	12,907
Accretion expenses	897
At 31 December 2021 and 1 January 2022 (Audited)	13,804
Accretion expenses	479
At 30 June 2022 (Unaudited)	14,283

24. SHARE CAPITAL

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.001 each (31 December 2021: 100,000,000,000 ordinary shares of HK\$0.001 each)	79,960	79,960
Issued and fully paid:		
1,380,545,800 ordinary shares of HK\$0.001 each (31 December 2021: 1,380,545,800 ordinary shares of HK\$0.001 each)	1,081	1,081

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

25. COMMITMENTS

Capital commitments

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

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	6,511	21,579
– Capital contribution to associates	11,600	11,600
	18,111	33,179

26. RELATED PARTY TRANSACTIONS

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

(a) Commercial transactions with related parties

Commercial transactions with related parties are summarised as follows:

	Six months ended 30 June 2022 CNY'000 (Unaudited)	2021 CNY'000 (Unaudited)
Payment of its share of office rental, rates and others to Anka Consultants Limited (“Anka”) (i)/(ii)	309	311
Share of office rental to Feishang Enterprise (i)/(iii)	82	82

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For the six months ended 30 June 2022

26. RELATED PARTY TRANSACTIONS (continued)

(a) Commercial transactions with related parties (continued)

- (i) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) On 1 July 2020, the Company and China Natural Resources, Inc. (“CHNR”), a related company which is controlled by the controlling shareholder of the Group, signed the office sharing agreement with Anka, a Hong Kong private company that is owned by certain directors. Pursuant to the agreement, 119 square meters out of the total area of the office premises were used by the Company, and 184 square meters were used by CHNR. The agreement also provided that the Company and CHNR shared certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka. On 25 July 2022, the Company’s lease with Anka was extended for two years, from 1 July 2022 to 30 June 2024.
- (iii) On 1 January 2019, Shenzhen Chixin Information and Consulting Co., Ltd. (“Shenzhen Chixin”), a wholly-owned subsidiary of the Group, entered into an office sharing leasing agreement with Feishang Enterprise. Pursuant to the agreement, the office premises of 40 square meters were used by the Company. In September 2021, the agreement expired, and Shenzhen Chixin signed the new contract with Feishang Enterprise for one year, from 1 October 2021 to 30 September 2022.

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

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2022	2021
	CNY’000	CNY’000
	(Unaudited)	(Unaudited)
Wages, salaries and allowances	1,991	1,329
Contribution to pension plans	52	41
Housing funds	31	24
Welfare and other expenses	24	27
	2,098	1,421

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26. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balance with related parties

The Group's payables with related parties, which are all unsecured and non-interest-bearing, are summarised as follows:

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Payables to the Shareholder:		
Feishang Group Limited	8,537	6,521
	8,537	6,521
Payables to a related company:		
Feishang Enterprise	194,878	233,278
	194,878	233,278
Lease liabilities due to a related company:		
Anka	–	258
	–	258

	At 30 June 2022 CNY'000 (Unaudited)	At 31 December 2021 CNY'000 (Audited)
Due to an associate:		
Guizhou Longfei Technology Development Co., Ltd.	104	164

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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

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

Assets measured at fair value

At 30 June 2022

	Fair value measurement using			Total CNY'000 (Unaudited)
	Quoted prices in active markets (Level 1) CNY'000 (Unaudited)	Significant observable inputs (Level 2) CNY'000 (Unaudited)	Significant unobservable inputs (Level 3) CNY'000 (Unaudited)	
Financial assets at fair value through profit or loss	–	6,850	–	6,850
Trade and bills receivables	–	6,197	–	6,197
Total	–	13,047	–	13,047

At 31 December 2021

	Fair value measurement using			Total CNY'000 (Audited)
	Quoted prices in active markets (Level 1) CNY'000 (Audited)	Significant observable inputs (Level 2) CNY'000 (Audited)	Significant unobservable inputs (Level 3) CNY'000 (Audited)	
Financial assets at fair value through profit or loss	–	6,431	–	6,431
Trade and bills receivables	–	23,412	–	23,412
Total	–	29,843	–	29,843

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28. EVENTS AFTER THE REPORTING PERIOD

On 14 July 2022, Jinsha Juli and Jiangxi Province Haiji Financial Leasing Co., Ltd. entered into a factoring agreement. Under the factoring agreement, on 18 July 2022, Jinsha Juli received a short-term loan amounting to CNY50.0 million to finance its working capital on security of a pledge over its trade receivables of CNY72.1 million. The short-term loan, which bears a fixed interest rate of 9.291% per annum, is repayable on 17 July 2023.

On 15 July 2022 and 18 July 2022, Guizhou Puxin received and fully drew down the loan facilities amounting to CNY465.0 million and CNY145.0 million from China Minsheng Banking Corp., Ltd., to be repaid on 15 July 2023 and 18 July 2023, respectively. The purpose of the loans is to finance the working capital. The loans bear a fixed annual interest rate 7.0% per annum and 6.0% per annum, respectively.

On 28 July 2022, pursuant to the finance lease agreement entered on 22 April 2022 among Guizhou Puxin and Guizhou Yongfu Mining Co., Ltd. (“Guizhou Yongfu”), and CCTEG Financial Leasing Co., Ltd. (“CCTEG”), CCTEG agreed to acquire the relevant coal machinery and equipment as per the instructions given by Guizhou Puxin and Guizhou Yongfu and to lease the relevant coal machinery and equipment to Guizhou Puxin and Guizhou Yongfu at a total rental amount of CNY43.1 million. In addition, Guizhou Puxin, Guizhou Yongfu, and CCTEG entered into the sale and purchase agreements with four equipment vendors, respectively, pursuant to which CCTEG agreed to acquire the relevant coal machinery and equipment from the four equipment vendors as per the instructions given by Guizhou Puxin and Guizhou Yongfu at a total consideration of CNY39.0 million. For details of the Group’s finance lease arrangement, please refer to the announcement of the Company dated 28 July 2022.

On 18 August 2022, Guizhou Puxin received and fully drew down a CNY80.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 17 August 2023. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.075% (3.7% per annum, resulting in an annual interest rate of 6.775% per annum).

On 30 August 2022, Guizhou Puxin received and fully drew down a CNY70.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 29 August 2023. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.125% (3.65% per annum, resulting in an annual interest rate of 6.775% per annum).

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2022.

SUMMARY OF MINE PROPERTIES

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

Mine	Commercial Production				Discontinued Operation
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujiaaba Coal Mine (Note 2)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	n/a
Reserve data (as of 31 July 2013) (Note 3)					
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	1.87
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	3.85
Total proved and probable reserve (million tonnes)	22.48	51.96	97.29	13.60	5.72
Reserve data (as of 30 June 2022) (Note 4)					
Proved reserve (million tonnes)	0.67	–	7.74	–	n/a
Probable reserve (million tonnes)	19.04	44.57	84.79	10.74	n/a
Total proved and probable reserve (million tonnes)	19.71	44.57	92.53	10.74	n/a
Capital expenditure for the six months ended 30 June 2022 (CNY in millions)	2.2	40.2	33.0	54.1	n/a

Notes:

- (1) The Group has closed down Gouchang Coal Mine in accordance with relevant Guizhou province's coal mine consolidation policy. The credit of the coal resource and reserve of Gouchang Coal Mine will be retained and utilised by the Group's four coal mines in future.
- (2) On 26 January 2015, the first batch of the restructuring proposal has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the restructuring proposal, the Group would integrate Zhulinzhai Coal Mine and Liujiaaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaaba Coal Mine. On 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaaba Coal Mine. According to the new mining right permit, the mining area of Liujiaaba Coal Mine has been adjusted to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020.
- (3) The reserve data as of 31 July 2013 is extracted from competent person's report dated 7 December 2013 prepared by Behre Dolbear Asia, Inc. under the JORC Code.
- (4) The reserve data as of 30 June 2022 has been substantiated by the Group's internal expert by adjusting those reserves extracted by the Group's mining activities from August 2013 to June 2022 from the proved reserve figure as of 31 July 2013. All assumptions and technical parameters set out in the competent person's report as shown in the listing document of the Company dated 31 December 2013 have not been materially changed and are continued to apply to the reserve data as of 30 June 2022 (except that of Gouchang Coal Mine).
- (5) There was no exploration activity for the Group during the Reporting Period.