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FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1738)

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

References are made to the announcement of the Company dated 11 January 2023 on discloseable transaction in relation to sale and leaseback arrangement and exempt connected transactions in relation to guarantees and share pledges (the “**Jan 2023 Announcement**”), the announcement of the Company dated 28 July 2022 on discloseable transaction in relation to finance lease arrangement and exempt connected transactions in relation to guarantees and share pledges, and the announcement of the Company dated 22 April 2022 on discloseable transaction in relation to finance lease arrangement and exempt connected transactions in relation to guarantees and share pledges (the “**2022 Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Jan 2023 Announcement and the 2022 Announcements.

The Board is pleased to announce that further on 3 March 2023 (after trading hours):

FINANCE LEASE ARRANGEMENT (MARCH 2023)

- (a) Guizhou Puxin (an indirect wholly-owned subsidiary of the Company) and Xinsong Coal (an indirect wholly-owned subsidiary of the Company), and CCTEG entered into the Finance Lease Agreement (March 2023), pursuant to which CCTEG agreed to acquire the Relevant Coal Machinery and Equipment (March 2023) as per the instructions given by Guizhou Puxin and Xinsong Coal and CCTEG agreed to lease the Relevant Coal Machinery and Equipment (March 2023) to Guizhou Puxin and Xinsong Coal at the total rental amount of CNY33,137,641 (equivalent to approximately HK\$37,800,107) for a term of 36 months;

- (b) Guizhou Puxin, Xinsong Coal and CCTEG entered into the Sale and Purchase Agreement (March 2023) with Tiandi (Changzhou), pursuant to which CCTEG agreed to acquire the Relevant Coal Machinery and Equipment (March 2023) from Tiandi (Changzhou) as per the instructions given by Guizhou Puxin and Xinsong Coal at a total consideration of CNY30,000,000 (VAT inclusive) (equivalent to approximately HK\$34,221,000); and
- (c) Xinsong Coal and CCTEG entered into the Consultancy Agreement (March 2023), pursuant to which Xinsong Coal agreed to engage CCTEG for providing certain consultancy services relating to the Finance Lease Arrangement (March 2023) for a service fee of CNY1,350,000 (equivalent to approximately HK\$1,539,945).

On the same date, the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) were executed by Mr. Li and certain associates of him in favour of CCTEG to secure the performance obligations (including among others, payment obligations) owed by the Relevant Group Companies IV to CCTEG under the Finance Lease Agreement (March 2023).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rules 14.22 and 14.23(1) of the Listing Rules, the Finance Lease Arrangement (March 2023), the Sale and Leaseback Arrangement (January 2023) entered in January 2023, and the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022) entered in 2022 are aggregated. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement (March 2023), the Sale and Leaseback Arrangement (January 2023), the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022), when aggregated, exceed 5% but are less than 25%, the Finance Lease Arrangement (March 2023), together with the Sale and Leaseback Arrangement (January 2023), the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022), constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Mr. Li, being the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Given that Feishang Enterprise and Ms. Wang are both associates of Mr. Li, the provisions of the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) for the benefit of the Relevant Group Companies IV amount to financial assistance by Mr. Li for the benefit of the Group. As such financial assistance (i) is provided on normal commercial terms or better to the Group; and (ii) is not secured by the assets of the Group, the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) are both considered as exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, which are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. FINANCE LEASE ARRANGEMENT (MARCH 2023)

A. Finance Lease Agreement (March 2023)

The principal terms of the Finance Lease Agreement (March 2023) are set out below:

Date	:	3 March 2023
Parties	:	Lessees: (1) Guizhou Puxin (an indirect wholly-owned subsidiary of the Company); and (2) Xinsong Coal (an indirect wholly-owned subsidiary of the Company) Lessor: CCTEG
Lease assets	:	Relevant Coal Machinery and Equipment (March 2023).
Lease Period (March 2023)	:	36 months commencing from the date on which CCTEG pays to Tiandi (Changzhou) the first instalment of the consideration for acquiring the Relevant Coal Machinery and Equipment (March 2023).
Rent and payment terms	:	The total rental amount of CNY33,137,641 (equivalent to approximately HK\$37,800,107) (comprising total lease principal of CNY30,000,000 (equivalent to approximately HK\$34,221,000) and total lease interest of CNY3,137,641 (equivalent to approximately HK\$3,579,107)) is payable to CCTEG quarterly in 12 instalments of CNY2,761,470 (equivalent to approximately HK\$3,150,009) each. The lease principal was equal to the purchase price of the Relevant Coal Machinery and Equipment (March 2023) paid or to be paid by CCTEG (which was determined with reference to the market price). The lease interest rate was 6.175%, which was equal to the latest five-year Loan Prime Rate set by the People's Bank of China plus 1.875%.
Ownership of the Relevant Coal Machinery and Equipment (March 2023)	:	During the Lease Period (March 2023), CCTEG will have legal ownership of the Relevant Coal Machinery and Equipment (March 2023).

Repurchase Option (March 2023) : Upon expiry of the Lease Period (March 2023), subject to Guizhou Puxin and Xinsong Coal having paid all the amounts and payables (if any) due under the Finance Lease Agreement (March 2023), Guizhou Puxin and Xinsong Coal shall be entitled to exercise the Repurchase Option (March 2023) to repurchase the Relevant Coal Machinery and Equipment (March 2023) from CCTEG at the nominal price of CNY100 (equivalent to approximately HK\$114).

Security deposit : In order to protect the rights of CCTEG under the Finance Lease Agreement (March 2023), Guizhou Puxin and Xinsong Coal shall pay to CCTEG a security deposit in the sum of CNY600,000 (equivalent to approximately HK\$684,420) before the date on which CCTEG pays to Tiandi (Changzhou) the first instalment of the consideration for acquiring the Relevant Coal Machinery and Equipment (March 2023), which shall be used to set-off any rental in arrears, interest, penalty or other expenses accrued during the Lease Period (March 2023), and the remaining of such security deposit (if any) shall be returned to Guizhou Puxin and Xinsong Coal within five (5) business days upon expiry of the Lease Period (March 2023).

Nature of lease : Finance lease

B. Sale and Purchase Agreement (March 2023)

The principal terms of the Sale and Purchase Agreement (March 2023) are set out below:

Date : 3 March 2023

Parties : Lessees: Guizhou Puxin and Xinsong Coal

Lessor/Purchaser: CCTEG

Vendor: Tiandi (Changzhou)

Acquired Assets : Relevant Coal Machinery and Equipment (March 2023).

Consideration and payment terms : The consideration payable by CCTEG to Tiandi (Changzhou) for acquiring the Relevant Coal Machinery and Equipment (March 2023) as per the instructions given by Guizhou Puxin and Xinsong Coal is CNY30,000,000 (VAT inclusive) (equivalent to approximately HK\$34,221,000), which shall be paid to Tiandi (Changzhou) in cash in two (2) instalments of CNY27,000,000 (equivalent to approximately HK\$30,798,900) and CNY3,000,000 (equivalent to approximately HK\$3,422,100) upon fulfilling certain conditions.

C. Consultancy Agreement (March 2023)

The principal terms of the Consultancy Agreement (March 2023) are set out below:

Date : 3 March 2023

Parties : Xinsong Coal and CCTEG

Services : Certain consultancy services relating to the Finance Lease Arrangement (March 2023) provided or to be provided by CCTEG to Xinsong Coal

Consideration and payment terms : The service fee payable by Xinsong Coal to CCTEG for the provision of certain consultancy services relating to the Finance Lease Arrangement (March 2023) by CCTEG is CNY1,350,000 (equivalent to approximately HK\$1,539,945), which shall be settled in cash on an agreed date.

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

2. SHARE PLEDGE AGREEMENTS (JANUARY 2023), CORPORATE GUARANTEE (MARCH 2023) AND PERSONAL GUARANTEE (MARCH 2023)

Pursuant to the Finance Lease Agreement (March 2023), the Share Pledge Agreements (January 2023) executed by Guizhou Puxin and Yangpu Dashi in January 2023 shall apply, and the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) were required to be executed by Mr. Li and certain associates of him in favour of CCTEG to secure the performance obligations (including among others, payment obligations) owed by the Relevant Group Companies IV to CCTEG under the Finance Lease Agreement (March 2023).

2.1 Share Pledge Agreements (January 2023)

As disclosed in the Jan 2023 Announcement, on 11 January 2023, Guizhou Puxin and Yangpu Dashi entered into a series of Share Pledge Agreements (January 2023) with CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and its subsidiaries to CCTEG under existing and other potential financial leasing arrangements. The Share Pledge Agreements (January 2023) shall apply to the transactions contemplated under the Finance Lease Agreement (March 2023).

2.2 Corporate Guarantee (March 2023)

On 3 March 2023, Feishang Enterprise executed the Corporate Guarantee (March 2023) with CCTEG, pursuant to which Feishang Enterprise agreed to provide guarantee in favour of CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and Xinsong Coal to CCTEG under the Finance Lease Agreement (March 2023).

2.3 Personal Guarantee (March 2023)

On 3 March 2023, Mr. Li and Ms. Wang (the spouse of Mr. Li) executed the Personal Guarantee (March 2023) with CCTEG, pursuant to which Mr. Li and Ms. Wang agreed to provide guarantee in favour of CCTEG to secure the performance obligations (including, among others, payment obligations) of Guizhou Puxin and Xinsong Coal to CCTEG under the Finance Lease Agreement (March 2023).

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT (MARCH 2023)

The Directors are of the view that the entering into of the Finance Lease Arrangement (March 2023) will enhance the working capital positions of the Relevant Group Companies IV and allow them to optimise their asset and debt structures by increasing the percentage of long-term financing and to support their business and operational activities.

The Directors consider that the Finance Lease Arrangement (March 2023) was entered into on normal commercial terms after arm's length negotiation between the parties and the terms of the Finance Lease Arrangement (March 2023) are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

4. INFORMATION ON THE PARTIES TO THE FINANCE LEASE ARRANGEMENT (MARCH 2023)

4.1 The Group

The Group is based in Guizhou province of the PRC and is mainly engaged in the acquisition, construction and development of anthracite coal mines and the extraction and sale of anthracite coal in the PRC. As at the date of this announcement, the Group's mining assets consist of four underground anthracite coal mines in Guizhou province, the PRC. Please refer to the 2021 annual report of the Company for more details of the Group's mining assets.

4.2 Guizhou Puxin

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

4.3 Xinsong Coal

Xinsong Coal is an indirect wholly-owned subsidiary of the Company and is principally engaged in coal development and mining.

4.4 CCTEG

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

4.5 Tiandi (Changzhou)

Tiandi (Changzhou) is principally engaged in the research and development, manufacturing, sales and services of coal mine production safety monitoring and control products, production process automation products and communication products.

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

5. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rules 14.22 and 14.23(1) of the Listing Rules, the Finance Lease Arrangement (March 2023), the Sale and Leaseback Arrangement (January 2023) entered in January 2023, and the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022) entered in 2022 are aggregated. As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement (March 2023), the Sale and Leaseback Arrangement (January 2023), the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022), when aggregated, exceed 5% but are less than 25%, the Finance Lease Arrangement (March 2023), together with the Sale and Leaseback Arrangement (January 2023), the Finance Lease Arrangement (July 2022) and the Finance Lease Arrangement (April 2022), constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Mr. Li, being the controlling shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. Given that Feishang Enterprise and Ms. Wang are both associates of Mr. Li, the provisions of the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) for the benefit of the Relevant Group Companies IV amount to financial assistance by Mr. Li for the benefit of the Group. As such financial assistance (i) is provided on normal commercial terms or better to the Group; and (ii) is not secured by the assets of the Group, the Corporate Guarantee (March 2023) and the Personal Guarantee (March 2023) are both considered as exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, which are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. DEFINITIONS

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

“Board”	the board of Directors of the Company
“CCTEG”	CCTEG Financial Leasing Co., Ltd.* (中煤科工金融租賃股份有限公司), a company established in the PRC with limited liability
“CNY” or “RMB”	Renminbi, the lawful currency of the PRC
“Company”	Feishang Anthracite Resources Limited (飛尚無煙煤資源有限公司), a company incorporated in the British Virgin Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange

“Consultancy Agreement(March 2023)”	the consultancy agreement dated 3 March 2023 and entered into between Xinsong Coal and CCTEG for the provision of certain consultancy services relating to the Finance Lease Arrangement (March 2023) by CCTEG to Xinsong Coal
“Corporate Guarantee (March 2023)”	the corporate guarantee dated 3 March 2023 and executed by Feishang Enterprise in favour of CCTEG to secure the performance obligations of Guizhou Puxin and Xinsong Coal to CCTEG under the Finance Lease Agreement (March 2023)
“Directors”	the directors of the Company
“Feishang Enterprise”	Feishang Enterprise Group Co., Ltd.* (飛尚實業集團有限公司), a company established in the PRC with limited liability which is directly wholly-owned by Mr. Li and his associates
“Finance Lease Agreement (March 2023)”	the finance lease agreement dated 3 March 2023 and entered into between Guizhou Puxin and Xinsong Coal (as lessees) and CCTEG (as lessor) for the lease of the Relevant Coal Machinery and Equipment (March 2023)
“Finance Lease Arrangement (March 2023)”	the transactions contemplated under the Finance Lease Agreement (March 2023), the Sale and Purchase Agreement (March 2023) and the Consultancy Agreement (March 2023)
“Group”	the Company and its subsidiaries
“Guizhou Puxin”	Guizhou Puxin Energy Co., Ltd.* (貴州浦鑫能源有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person or company which is independent of and not connected with any of the connected persons of the Company and any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules

“Lease Period (March 2023)”	36 months commencing from the date on which CCTEG pays to Tiandi (Changzhou) the first instalment of the consideration for acquiring the Relevant Coal Machinery and Equipment (March 2023)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Li”	Mr. Li Feilie, a controlling shareholder of the Company
“Ms. Wang”	Ms. Wang Jing, the spouse of Mr. Li
“Personal Guarantee (March 2023)”	the personal guarantee dated 3 March 2023 and executed by Mr. Li and Ms. Wang in favour of CCTEG to secure the performance obligations of Guizhou Puxin and Xinsong Coal to CCTEG under the Finance Lease Agreement (March 2023)
“PRC” or “China”	the People’s Republic of China which, in this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Relevant Coal Machinery and Equipment (March 2023)”	certain coal mining machinery and equipment to be leased by Guizhou Puxin and Xinsong Coal under the Finance Lease Arrangement (March 2023)
“Relevant Group Company(ies) IV”	Guizhou Puxin and Xinsong Coal
“Repurchase Option (March 2023)”	the option granted to Guizhou Puxin and Xinsong Coal under the Finance Lease Agreement (March 2023) to repurchase the Relevant Coal Machinery and Equipment (March 2023) after the expiry of the Lease Period (March 2023)
“Sale and Purchase Agreement (March 2023)”	the sale and purchase agreement dated 3 March 2023 and entered into among Guizhou Puxin and Xinsong Coal (as lessees), CCTEG (as lessor and purchaser) and Tiandi (Changzhou) (as vendor) for the sale and purchase of the Relevant Coal Machinery and Equipment (March 2023)

“Share Pledge Agreements (January 2023)”	as disclosed in the Jan 2023 Announcement, the share pledge agreements dated 11 January 2023 and entered into between Guizhou Puxin, Yangpu Dashi and CCTEG to secure the performance obligations of Guizhou Puxin and its subsidiaries to CCTEG under existing and other potential financial leasing arrangements
“Shares”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tiandi (Changzhou)”	Tiandi (Changzhou) Automation Co., Ltd.* (天地(常州)自動化股份有限公司), a company established in the PRC with limited liability
“Xinsong Coal”	Liuzhi Xinsong Coal Mining Co., Ltd.* (六枝特區新松煤業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Yangpu Dashi”	Hainan Yangpu Dashi Industrial Co., Ltd.* (海南洋浦大石實業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 3 March 2023

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

The exchange rate adopted in this announcement for illustration purpose only is CNY1.00 = HK\$1.1407 and should not be construed as a representation that the currency could actually be converted at that rate.

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