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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)

DISCLOSEABLE TRANSACTION IN RELATION TO SALE AND LEASEBACK ARRANGEMENT

The Board is pleased to announce that on 10 March 2023 (after trading hours):

SALE AND LEASEBACK ARRANGEMENT

- (a) Xinsong Coal (an indirect wholly-owned subsidiary of the Company) and JPHFLC entered into the Finance Lease Agreement, pursuant to which JPHFLC agreed to lease the Relevant Coal Machinery and Equipment (acquired or to be acquired from Xinsong Coal under the Sale and Purchase Agreement) to Xinsong Coal at the total rental amount of CNY74,554,666 (equivalent to approximately HK\$84,000,742) for a term of 12 months;
- (b) Xinsong Coal and JPHFLC entered into the Sale and Purchase Agreement, pursuant to which JPHFLC agreed to acquire the Relevant Coal Machinery and Equipment from Xinsong Coal at a total consideration of CNY70,000,000 (equivalent to approximately HK\$78,869,000) and to lease the same to Xinsong Coal under the Finance Lease Agreement; and
- (c) Xinsong Coal and JPHFLC entered into the Consultancy Agreement, pursuant to which Xinsong Coal agreed to engage JPHFLC for providing certain consultancy services relating to the Sale and Leaseback Arrangement for a service fee of CNY2,800,000 (equivalent to approximately HK\$3,154,760).

On the same date, the Pledge Agreement was executed by Xinsong Coal, and the Corporate Guarantee was executed by Guizhou Puxin, each in favour of JPHFLC to secure the performance obligations (including among others, payment obligations) owed by Xinsong Coal to JPHFLC under the Finance Lease Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Sale and Leaseback Arrangement exceed 5% but are less than 25%, the Sale and Leaseback Arrangement 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.

1. SALE AND LEASEBACK ARRANGEMENT

A. Finance Lease Agreement

Xinsong Coal and JPHFLC have entered into the Finance Lease Agreement, pursuant to which JPHFLC agreed to lease the Relevant Coal Machinery and Equipment (acquired or to be acquired from Xinsong Coal under the Sale and Purchase Agreement) to Xinsong Coal. The principal terms of the Finance Lease Agreement are set out below:

- Date** : 10 March 2023
- Parties** : Lessee: Xinsong Coal (an indirect wholly-owned subsidiary of the Company)
Lessor: JPHFLC
- Lease assets** : Relevant Coal Machinery and Equipment.
- Lease Period** : 12 months commencing from the date of the Finance Lease Agreement.
- Rent and payment terms** : The total rental amount is CNY74,554,666 (equivalent to approximately HK\$84,000,742), comprising total lease principal of CNY70,000,000 (equivalent to approximately HK\$78,869,000) and total lease interest of CNY4,554,666 (equivalent to approximately HK\$5,131,742), which is subject to certain conditions (including condition in the Sale and Purchase Agreement) having been fulfilled. The lease interest is payable to JPHFLC quarterly in 2 instalments of CNY1,144,889 (equivalent to approximately HK\$1,289,946) each and 2 instalments of CNY1,132,444 (equivalent to approximately HK\$1,275,925) each, and the lease principal is payable to JPHFLC in a lump sum upon expiry of the Lease Period.
- The lease principal was equal to the purchase price of the Relevant Coal Machinery and Equipment paid or to be paid by JPHFLC to Xinsong Coal (which was determined with reference to the market price). The lease interest rate was fixed at 6.4% p.a., which was determined with reference to the latest Loan Prime Rate set by the People's Bank of China.
- Ownership of the Relevant Coal Machinery and Equipment** : During the Lease Period, JPHFLC will have legal ownership of the Relevant Coal Machinery and Equipment.

Repurchase Option : Upon expiry of the Lease Period, subject to Xinsong Coal having paid all the amounts and payables (if any) due under the Finance Lease Agreement, Xinsong Coal shall be entitled to exercise the Repurchase Option to repurchase the Relevant Coal Machinery and Equipment from JPHFLC at the nominal price of CNY1 (equivalent to approximately HK\$1).

Security deposit : In order to protect the rights of JPHFLC under the Finance Lease Agreement, Xinsong Coal shall pay to JPHFLC a security deposit in the sum of CNY1,500,000 (equivalent to approximately HK\$1,690,050) within three (3) days upon signing of the Finance Lease Agreement which shall be used to set-off any rental in arrears, interest, penalty or other expenses accrued during the Lease Period, and the remaining of such security deposit (if any) shall be returned to Xinsong Coal upon expiry of the Lease Period.

Nature of lease : Finance lease

B. Sale and Purchase Agreement

Xinsong Coal and JPHFLC have entered into the Sale and Purchase Agreement, pursuant to which JPHFLC agreed to acquire the Relevant Coal Machinery and Equipment from Xinsong Coal (and to lease the same to Xinsong Coal under the Finance Lease Agreement). The principal terms of the Sale and Purchase Agreement are set out below:

Date : 10 March 2023

Parties : Purchaser: JPHFLC
Vendor: Xinsong Coal

Assets acquired or to be acquired : Relevant Coal Machinery and Equipment.

Consideration and payment terms : The consideration payable for acquiring the Relevant Coal Machinery and Equipment, which is subject to certain conditions (including condition in the Finance Lease Agreement) having been fulfilled, by JPHFLC to Xinsong Coal is CNY70,000,000 (equivalent to approximately HK\$78,869,000), which shall be paid in cash.

C. Consultancy Agreement

The principal terms of the Consultancy Agreement are set out below:

Date	:	10 March 2023
Parties	:	Xinsong Coal and JPHFLC
Services	:	Certain consultancy services relating to the Sale and Leaseback Arrangement provided or to be provided by JPHFLC to Xinsong Coal
Consideration and payment terms	:	The service fee payable by Xinsong Coal to JPHFLC for the provision of certain consultancy services relating to the Sale and Leaseback Arrangement is CNY2,800,000 (equivalent to approximately HK\$3,154,760), and shall be settled in cash within three (3) business days upon signing of the Finance Lease Agreement.

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

D. Pledge Agreement and Corporate Guarantee

Pursuant to the Finance Lease Agreement, the Pledge Agreement was required to be executed by Xinsong Coal, and the Corporate Guarantee was required to be executed by Guizhou Puxin in favour of JPHFLC to secure the performance obligations (including among others, payment obligations) owed by Xinsong Coal to JPHFLC under the Finance Lease Agreement.

Pledge Agreement

On 10 March 2023, Xinsong Coal executed the Pledge Agreement, pursuant to which Xinsong Coal agreed to pledge the Relevant Coal Machinery and Equipment to secure the performance obligations (including among others, payment obligations) of Xinsong Coal to JPHFLC under the Finance Lease Agreement.

Corporate Guarantee

On 10 March 2023, Guizhou Puxin executed the Corporate Guarantee Agreement, pursuant to which Guizhou Puxin agreed to provide guarantee in favour of JPHFLC to secure the performance obligations (including, among others, payment obligations) of Xinsong Coal to JPHFLC under the Finance Lease Agreement.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND LEASEBACK ARRANGEMENT

The Directors are of the view that the entering into of the Sale and Leaseback Arrangement will enhance the working capital position of Xinsong Coal and allow it to optimise its asset and debt structures by increasing its portion of financing and to support its business and operational activities.

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

3. INFORMATION ON THE PARTIES TO THE SALE AND LEASEBACK ARRANGEMENT

3.1 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.

3.2 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.

3.3 Xinsong Coal

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

3.4 JPHFLC

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) JPHFLC is majority owned by Jiangxi State-owned Capital Operation Holding Group Co., Ltd.* (江西省國有資本運營控股集團有限公司) and Jiangxi Consulting & Investment Group Co., Ltd.* (江西省諮詢投資集團有限公司); (b) the ultimate beneficial owners of each of the above shareholders are Jiangxi State-owned Assets Supervision and Administration Commission* (江西省國有資產監督管理委員會) and Shanghai State-owned Assets Supervision and Administration Commission* (上海市國有資產監督管理委員會), respectively; (c) JPHFLC is not associated with 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 and which is the lessor in a separate series of financing and sale and leaseback arrangements that the Group has entered into and disclosed in the Company's announcements dated 3 August 2021, 16 August 2021, 22 April 2022, 28 July 2022, 11 January 2023 and 3 March 2023; and (d) JPHFLC and its ultimate beneficial owners are Independent Third Parties.

4. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Sale and Leaseback Arrangement exceed 5% but are less than 25%, the Sale and Leaseback Arrangement constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

5. 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
“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”	the consultancy agreement dated 10 March 2023 and entered into between Xinsong Coal and JPHFLC for the provision of certain consultancy services relating to the Sale and Leaseback Arrangement
“Corporate Guarantee”	the corporate guarantee dated 10 March 2023 and executed by Guizhou Puxin in favour of JPHFLC to secure the performance obligations of Xinsong Coal under the Finance Lease Agreement

“Directors”	the directors of the Company
“Finance Lease Agreement”	the finance lease agreement dated 10 March 2023 and entered into between Xinsong Coal (as lessee) and JPHFLC (as lessor) for the lease of the Relevant Coal Machinery and Equipment
“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
“JPHFLC”	Jiangxi Province Haiji Financial Leasing Co., Ltd* (江西省海濟融資租賃股份有限公司), a company established in the PRC with limited liability
“Lease Period”	12 months commencing from the date of the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Pledge Agreement”	the pledge agreement dated 10 March 2023 and entered into by Xinsong Coal, pursuant to which Xinsong Coal agreed to pledge the Relevant Coal Machinery and Equipment to secure the performance obligations (including among others, payment obligations) of Xinsong Coal to JPHFLC under the Finance Lease Agreement in favour of JPHFLC
“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”	22 sets of coal mining machinery and equipment owned by Xinsong Coal and which are not the subject of any arrangement similar to the Sale and Leaseback Arrangement and which are to be sold and leased back by Xinsong Coal under the Sale and Leaseback Arrangement

“Repurchase Option”	the option(s) granted to Xinsong Coal under the Finance Lease Agreement to repurchase the Relevant Coal Machinery and Equipment after the expiry of the Lease Period
“Sale and Leaseback Arrangement”	the transactions contemplated under the Finance Lease Agreement, the Sale and Purchase Agreement and the Consultancy Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 March 2023 and entered into among Xinsong Coal (as vendor) and JPHFLC (as purchaser) for the sale and purchase of the Relevant Coal Machinery and Equipment
“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
“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
“%”	per cent

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

Hong Kong, 10 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\$1.1267 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.*