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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

- Revenue from continuing operations up by approximately 43.0% to approximately CNY1,603.2 million
- Gross profit from continuing operations up by approximately 65.6% to approximately CNY660.5 million
- Profit attributable to owners of the parent from continuing operations for the year ended 31 December 2022 was approximately CNY26.0 million, compared to a loss of approximately CNY110.3 million for the year ended 31 December 2021
- Basic profit per share from continuing operations was approximately CNY0.02

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** *CNY'000*	2021 *CNY'000*
CONTINUING OPERATIONS			
Revenue	*5*	**1,603,197**	1,121,004
Cost of sales		**(942,674)**	(722,218)
Gross profit		**660,523**	398,786
Selling and distribution expenses		**(118,478)**	(106,479)
Administrative expenses		**(160,604)**	(133,921)
(Impairment losses)/reversal of impairment losses on financial assets, net	*7*	**(2,745)**	1,961
Other operating expenses, net		**(94,397)**	(42,964)
Finance costs	*6*	**(152,638)**	(161,567)
Interest income		**575**	1,909
Share of profit and loss of associates		**(157)**	(239)
PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	*7*	**132,079**	(42,514)
Income tax	*8*	**(58,158)**	(50,376)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**73,921**	(92,890)
DISCONTINUED OPERATIONS			
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	*4*	**27,115**	(3,570)
PROFIT/(LOSS) FOR THE YEAR		**101,036**	(96,460)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

	Notes	2022 CNY'000	2021 CNY'000
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		**25,961**	(110,284)
From discontinued operations		**27,122**	(3,559)
		53,083	(113,843)
Non-controlling interests			
From continuing operations		**47,960**	17,394
From discontinued operations		**(7)**	(11)
		47,953	17,383
		101,036	(96,460)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For profit/(loss) from continuing operations	*9*	**0.02**	(0.08)
– For profit/(loss) from discontinued operations	*9*	**0.02**	*
– Net profit/(loss) per share	*9*	**0.04**	(0.08)

* *Insignificant*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	2022	2021
	CNY'000	*CNY'000*
PROFIT/(LOSS) FOR THE YEAR	**101,036**	(96,460)
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	**(10,850)**	4,464
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**10,054**	(4,255)
Total other comprehensive (loss)/income for the year, net of tax	**(796)**	209
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**100,240**	(96,251)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**25,165**	(110,075)
From discontinued operations	**27,122**	(3,559)
	52,287	(113,634)
Non-controlling interests		
From continuing operations	**47,960**	17,394
From discontinued operations	**(7)**	(11)
	47,953	17,383
	100,240	(96,251)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Notes	**2022** *CNY'000*	2021 *CNY'000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,615,683**	2,485,772
Right-of-use assets	*12(a)*	**286,830**	330,238
Rehabilitation fund		**12,448**	10,112
Prepayments and other receivables		**52,583**	66,035
Investments in associates		**–**	797
Deferred tax assets	*8*	**55,783**	54,745
TOTAL NON-CURRENT ASSETS		**3,023,327**	2,947,699
CURRENT ASSETS			
Inventories		**38,688**	31,527
Trade and bills receivables	*13*	**82,042**	91,866
Prepayments and other receivables		**104,554**	120,359
Financial assets at fair value through profit or loss		**7,031**	6,431
Pledged deposits		**37,369**	61,300
Cash and cash equivalents		**24,713**	23,952
		294,397	335,435
Assets of a disposal group classified as held for sale		**–**	83,310
TOTAL CURRENT ASSETS		**294,397**	418,745
TOTAL ASSETS		**3,317,724**	3,366,444

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 DECEMBER 2022

	Notes	**2022** **CNY'000**	2021 CNY'000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*14*	**906,998**	722,964
Other payables and accruals		**619,205**	647,352
Interest bearing bank and other borrowings	*15*	**1,496,404**	1,605,764
Lease liabilities	*12(b)*	**84,108**	100,332
Due to an associate		**–**	164
Interest payable		**44,032**	37,391
Income tax payable		**85,773**	91,798
Mining right payables		**69,613**	43,780
Deferred income		**–**	2,851
		3,306,133	3,252,396
Liabilities directly associated with the assets classified as held for sale		**–**	62,710
TOTAL CURRENT LIABILITIES		**3,306,133**	3,315,106
NON-CURRENT LIABILITIES			
Due to the Shareholder		**12,359**	6,521
Due to a related company		**144,686**	233,278
Interest bearing bank and other borrowings	*15*	**214,897**	288,998
Lease liabilities	*12(b)*	**48,551**	77,755
Deferred tax liabilities	*8*	**85,063**	63,350
Mining rights payables		**23,400**	–
Deferred income		**15,706**	15,706
Asset retirement obligations		**14,763**	13,804
TOTAL NON-CURRENT LIABILITIES		**559,425**	699,412
TOTAL LIABILITIES		**3,865,558**	4,014,518
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(797,999)**	(850,286)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(796,918)**	(849,205)
NON-CONTROLLING INTERESTS		**249,084**	201,131
TOTAL EQUITY		**(547,834)**	(648,074)
TOTAL LIABILITIES AND EQUITY		**3,317,724**	3,366,444

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

As at 31 December 2022, the Group had net current liabilities of approximately CNY3,011.7 million (31 December 2021: CNY2,896.4 million) and total assets less current liabilities of approximately CNY11.6 million (31 December 2021: CNY51.3 million).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Going concern

As at 31 December 2022, the Group had net current liabilities of approximately CNY3,011.7 million and shareholders' deficit of approximately CNY547.8 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., controlled by Mr. LI Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) focusing on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (ii) continuing to expand production output in pursuit of economies of scale and opportunities for better product diversification; (iii) taking measures to tighten cost controls over various production costs and expenses; (iv) entering into loan renewal discussions with the banks; and (v) looking for new opportunities of profitable business investments.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs that are applicable to the Group 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 (the "**Conceptual Framework**") 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 business combinations during the year, 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 as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(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 amendment that is 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 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 resources allocation and performance assessment.

Geographic information

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

Information about major customers

During the year ended 31 December 2022, revenue derived from sales to three customers accounted for 15.9%, 11.9% and 10.6% of the consolidated revenue, respectively. During the year ended 31 December 2021, revenue derived from sales to three customers accounted for 24.3%, 15.1% and 10.0% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the PRC, which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending on the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. In the year of 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 consolidated statement of profit or loss for the years ended 31 December 2022.

The results of Gouchang Coal Mine for the years ended 31 December 2022 and 2021 are presented below:

	2022 ***CNY'000***	2021 *CNY'000*
Finance costs	**(1)**	(1)
Non operating expenses, net	**(708)**	(1,118)
LOSS BEFORE INCOME TAX	**(709)**	(1,119)
Income tax expense	**–**	–
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(709)**	(1,119)
Attributable to:		
Owners of the parent	**(702)**	(1,108)
Non-controlling interest	**(7)**	(11)
	(709)	(1,119)

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

	2022 ***CNY'000***	2021 *CNY'000*
Operating activities	**(741)**	(888)
Financing activities	**684**	845
Net cash outflow	**(57)**	(43)

* *For identification purposes only*

(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.

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*
Revenue	**8,140**
Cost of sales	**(3,117)**
Gross profit	**5,023**
Administrative expenses	**(4,599)**
Finance costs	**(34)**
Other 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 YEAR FROM THE DISCONTINUED OPERATION	**27,824**
Attributable to:	
Owners of the parent	**27,824**
Non-controlling interests	**–**
	27,824

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

	At 28 March 2022 *CNY'000*
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.*

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

	Year ended 31 December 2022 *CNY'000*
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*
Operating activities	**3,216**
Investing activities	**(964)**
Financing activities	**(1,577)**
Net cash inflow	**675**

The calculation of basic and diluted profit per share from discontinued operations is based on:

	Year ended 31 December 2022 *CNY'000*
Profit for the period attributable to ordinary equity holders of the parent from discontinued operations	**27,122**
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**

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2022 *CNY'000*	2021 *CNY'000*
Revenue from contracts with customers	**1,603,197**	1,121,004

(i) Disaggregated revenue information

	2022 *CNY'000*	2021 *CNY'000*
Types of goods or services		
Sale of coal	**1,602,737**	1,120,713
Coal trading	**460**	291
	1,603,197	1,121,004
Geographic market		
Mainland China	**1,603,197**	1,121,004
Timing of revenue recognition		
Goods transferred at a point of time	**1,603,197**	1,121,004

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

	2022	2021
	CNY'000	*CNY'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	**87,297**	139,065

(ii) Performance obligations

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

Sale of coal

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

Coal trading

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

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2022	2021
	CNY'000	*CNY'000*
Interest on interest-bearing bank and other borrowings	**126,616**	135,424
Interest on lease liabilities *(Note 12(b)/Note 12(c))*	**10,581**	12,293
Interest on payables for mining rights	**6,367**	2,145
Total interest expense	**143,564**	149,862
Bank charges	**301**	123
Discount coupon	**7,814**	10,685
Accretion expenses	**959**	897
	152,638	161,567

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

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

	2022 *CNY'000*	2021 *CNY'000*
Interest income on bank deposits	**(575)**	(1,909)
Government grant (a)	**(16,097)**	(17,133)
Cost of inventories sold (b)	**721,916**	563,370
Sales tax and surcharge	**78,218**	57,852
Utilisation of safety fund and production maintenance fund	**142,540**	100,996
Cost of sales	**942,674**	722,218
Employee benefit expenses	**370,918**	364,057
Depreciation, depletion and amortisation:		
– Property, plant and equipment *(Note 11)*	**300,841**	220,067
– Right-of-use assets *(Note 12(c))*	**25,387**	33,673
Lease payments not included in the measurement of lease liabilities *(Note 12(c))*	**865**	1,063
Auditors' remuneration:		
– Audit fee	**2,980**	3,400
Share of profit and loss of associates	**157**	239
Impairment of investments in an associate	**640**	–
Impairment losses/(reversal of impairment losses) on financial assets, net	**2,745**	(1,961)
Gains from financial assets at fair value through profit or loss	**(638)**	(277)
Loss/(gain) on disposal of property, plant and equipment	**3,379**	(1,180)
Transportation fee	**87,249**	79,283

(a) The government grant with a total amount of approximately CNY16.1 million was included in other operating income for the year ended 31 December 2022 (2021: approximately CNY17.1 million).

(b) Included in the cost of inventories sold is a total amount of approximately CNY572.8 million for the year ended 31 December 2022 (2021: approximately CNY487.4 million) relating to employee benefit expenses and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expenses.

8. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Mainland China. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2022 (2021: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong sourced and non-Hong Kong sourced incomes. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong sourced income, no provision for Hong Kong profits tax was made as this operation incurred tax losses during the years ended 31 December 2022 and 2021. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on the corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**"), the tax rate applicable to PRC group entities was 25% during the years ended 31 December 2022 and 2021 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)" (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.

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

	2022 ***CNY'000***	2021 *CNY'000*
Current – Mainland China	**37,483**	62,366
Deferred – Mainland China	**20,675**	(11,990)
	58,158	50,376

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

	2022 ***CNY'000***	2021 *CNY'000*
Profit/(loss) before income tax from continuing operations	**132,079**	(42,514)
Tax at the statutory tax rate of 25%	**33,020**	(10,629)
Effect of different tax rates of the Company and subsidiaries of the Group	**(10,793)**	1,461
Non deductible expenses	**9,799**	5,237
Tax losses not recognised	**42,460**	54,300
Tax refund of previous years	**(15,877)**	–
Effect on opening deferred tax of decrease in rates	**(464)**	–
Others	**13**	7
Income tax charge from continuing operations	**58,158**	50,376

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

	2022	2021
	CNY'000	*CNY'000*
Deferred tax assets		
Accruals and other payables	**6,459**	5,707
Capitalised pilot run income	**9,592**	10,458
Tax losses	**48,285**	65,388
Depreciation of property, plant and equipment	**30,001**	24,056
Temporary difference related to lease	**4,994**	4,262
Bad debt provision	**5,664**	5,664
	104,995	115,535
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	**(134,275)**	(124,140)
Net deferred tax liabilities	**(29,280)**	(8,605)
Classification in the consolidated statement of financial position:		
Deferred tax assets	**55,783**	54,745
Deferred tax liabilities	**(85,063)**	(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 these coal mining subsidiaries' profitability based on their production plans, product mix, forecasted selling prices, and the related production and operational costs, of which strong profits are expected.

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

The total amounts of unused tax losses for which no deferred tax assets were recognised amounting to approximately CNY754.6 million and CNY695.5 million as at 31 December 2022 and 2021, respectively. As at 31 December 2022, unused tax losses not utilised of approximately CNY77.6 million, CNY96.9 million, CNY193.0 million, CNY217.2 million and CNY169.9 million will expire by end of 2023, 2024, 2025, 2026 and 2027, respectively.

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

	2022	2021
	CNY'000	*CNY'000*
At the beginning of the year	**(8,605)**	(20,595)
(Charged)/credited to the consolidated statement of profit or loss	**(20,675)**	11,990
At the end of the year	**(29,280)**	(8,605)

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

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

	2022	2021
	CNY'000	*CNY'000*
Profit/(loss) for the year attributable to ordinary equity holders of the parent:		
From continuing operations	**25,961**	(110,284)
From discontinued operations	**27,122**	(3,559)
	53,083	(113,843)
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	**0.02**	(0.08)
From discontinued operations	**0.02**	*
	0.04	(0.08)

* *Insignificant*

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2022 (2021: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *CNY'000*	Mining structures *CNY'000*	Mining rights *CNY'000*	Machinery and equipment *CNY'000*	Motor vehicles *CNY'000*	Construction in progress *CNY'000*	Total *CNY'000*
Cost							
At 1 January 2021	132,363	2,311,667	983,451	649,999	67,786	460,274	4,605,540
Additions	–	22,432	–	19,091	1,606	140,174	183,303
Transfers	9,300	228,978	–	2,598	–	(240,876)	–
Disposals	(10,280)	–	–	(466)	–	–	(10,746)
Reclassified from right-of-use assets	–	–	–	258	–	–	258
At 31 December 2021 and 1 January 2022	131,383	2,563,077	983,451	671,480	69,392	359,572	4,778,355
Additions	38	14,885	49,230	55,795	994	229,309	350,251
Transfers	–	163,234	–	–	–	(163,234)	–
Disposals	–	(3,487)	–	(2,260)	–	–	(5,747)
Reclassified from right-of-use assets	–	–	–	83,885	–	–	83,885
At 31 December 2022	131,421	2,737,709	1,032,681	808,900	70,386	425,647	5,206,744
Accumulated depreciation							
At 1 January 2021	(32,781)	(869,819)	(133,322)	(345,436)	(35,790)	–	(1,417,148)
Depreciation charge	(1,752)	(160,714)	(15,107)	(25,667)	(16,827)	–	(220,067)
Disposals	2,875	–	–	431	–	–	3,306
At 31 December 2021 and 1 January 2022	(31,658)	(1,030,533)	(148,429)	(370,672)	(52,617)	–	(1,633,909)
Depreciation charge	(1,706)	(222,160)	(19,567)	(55,166)	(2,242)	–	(300,841)
Disposals	–	998	–	1,365	–	–	2,363
At 31 December 2022	(33,364)	(1,251,695)	(167,996)	(424,473)	(54,859)	–	(1,932,387)
Impairment							
At 1 January 2021	(5,525)	(263,776)	(356,575)	(27,063)	(437)	(5,298)	(658,674)
Additions	–	–	–	–	–	–	–
Write-off	–	–	–	–	–	–	–
At 31 December 2021 and 1 January 2022	(5,525)	(263,776)	(356,575)	(27,063)	(437)	(5,298)	(658,674)
Impairment	–	–	–	–	–	–	–
At 31 December 2022	(5,525)	(263,776)	(356,575)	(27,063)	(437)	(5,298)	(658,674)
Net carrying amount							
At 31 December 2021	94,200	1,268,768	478,447	273,745	16,338	354,274	2,485,772
At 31 December 2022	92,532	1,222,238	508,110	357,364	15,090	420,349	2,615,683

As at 31 December 2022, certain mining rights with a carrying amount of approximately CNY508.1 million (31 December 2021: CNY478.4 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,532.6 million (31 December 2021: CNY1,612.8 million) (Note 15).

As at 31 December 2022, certain mining structure, machinery and equipment with a carrying amount of approximately CNY105.5 million (31 December 2021: CNY88.4 million) were pledged to secure bank loans with a carrying amount of CNY43.7 million (31 December 2021: CNY37.0 million) (Note 15).

As at 31 December 2022, certain buildings with a carrying amount totalling approximately CNY92.5 million (31 December 2021: CNY94.2 million) were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current use. The Directors are of the view that the Group was entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of the year.

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

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

No impairment loss of property, plant and equipment was recognised during the year ended 31 December 2022 (2021: Nil).

Value-in-use calculations use pre-tax cash flow projections based on the 2023 financial budgets approved by management and are extrapolated using the same cash flow projections of the remaining years with changes being made to reflect the estimated changes in future market or economic conditions. Other key assumptions applied in the impairment testing include the future sales volume, coal price and operating cost. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax and non-inflation rate ranging from 9.91% to 10.51% (2021: 9.63% to 10.36%) as the discount rate that reflects specific risks related to the CGUs. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. These estimates and judgments may be significantly affected by unexpected changes in the future market or economic conditions.

12. LEASES

(a) Right-of-use assets

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

	Leasehold land *CNY'000*	Machinery and equipment *CNY'000*	Buildings *CNY'000*	Total *CNY'000*
As at 1 January 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	1,050	63,937	877	65,864
Depreciation charge	(541)	(22,788)	(2,058)	(25,387)
Reclassified to property, plant and equipment	–	(83,885)	–	(83,885)
As at 31 December 2022	**55,023**	**227,529**	**4,278**	**286,830**

(b) Lease liabilities

	2022 ***CNY'000***	2021 *CNY'000*
Carrying amount at 1 January	**178,087**	130,486
New leases	**65,864**	122,692
Accretion of interest recognised during the year *(Note 6)*	**10,581**	12,293
Payments	**(121,873)**	(87,384)
Carrying amount at 31 December	**132,659**	178,087
Analysed into:		
Current portion	**84,108**	100,332
Non-current portion	**48,551**	77,755

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

	2022 ***CNY'000***	2021 *CNY'000*
Interest on lease liabilities *(Note 6)*	**10,581**	12,293
Depreciation charge of right-of-use assets *(Note 7)*	**25,387**	33,673
Expense relating to short-term leases and other leases with remaining lease terms ended on or before the year end (included in cost of sales)	**–**	28
Expense relating to leases of low-value assets (included in administrative expenses)	**865**	1,035
Total amount recognised in profit or loss	**36,833**	47,029

13. TRADE AND BILLS RECEIVABLES

	2022	2021
	CNY'000	*CNY'000*
Trade receivables	**126,727**	121,811
Less: Provision for impairment	**(53,501)**	(53,357)
	73,226	68,454
Bills receivable	**8,816**	23,412
	82,042	91,866

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

Trade receivables (including inter-company trade receivables) of approximately CNY375.5 million (31 December 2021: CNY61.9 million) were pledged as security for short-term loans of CNY310.1 million (31 December 2021: CNY50.0 million) as at 31 December 2022 (Note 15).

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

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

	2022	2021
	CNY'000	*CNY'000*
Within 3 months	**69,483**	15,324
3 to 6 months	**373**	15,793
6 to 12 months	**385**	28,538
Over 12 months	**2,985**	8,799
	73,226	68,454

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

	2022	2021
	CNY'000	*CNY'000*
At the beginning of the year	**53,357**	55,318
Impairment loss recognised	**3,715**	152
Reversal of impairment	**(3,571)**	(2,113)
At the end of the year	**53,501**	53,357

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

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

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

As at 31 December 2022

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**1%**	**12%**	**63%**	**49%**	**99%**	**100%**	
Gross carrying amount (CNY'000)	**71,079**	**2,527**	**1,284**	**500**	**3,840**	**47,497**	**126,727**
Expected credit losses (CNY'000)	**838**	**315**	**805**	**243**	**3,803**	**47,497**	**53,501**
Net carrying amount (CNY'000)	**70,241**	**2,212**	**479**	**257**	**37**	**–**	**73,226**

As at 31 December 2021

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

14. TRADE AND BILLS PAYABLES

	2022	2021
	CNY'000	*CNY'000*
Trade payables (a)	**861,998**	702,964
Bills payable	**45,000**	20,000
	906,998	722,964

(a) Included in trade payables were amounts of approximately CNY493.9 million (31 December 2021: CNY413.0 million) due to contractors related to construction as at 31 December 2022.

The ageing analysis of trade payables as at the end of the year is as follows:

	2022	2021
	CNY'000	*CNY'000*
Within 1 year	**397,766**	285,948
Between 1 and 2 years	**424,334**	406,888
Over 2 years	**39,898**	10,128
	861,998	702,964

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

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022	2021
	CNY'000	*CNY'000*
Current		
Bank and other borrowings – guaranteed	**85,000**	90,000
Bank and other borrowings – secured	**50,000**	100,000
Bank and other borrowings – secured and guaranteed	**1,245,096**	55,000
Current portion of long term bank and other borrowings – secured and guaranteed	**116,308**	1,360,764
	1,496,404	1,605,764
Non-current		
Bank and other borrowings – secured and guaranteed	**214,897**	288,998
	1,711,301	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 approximately CNY508.1 million (31 December 2021: CNY478.4 million) as at 31 December 2022 (Note 11);

(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 31 December 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 (including inter-company trade receivables) in Liuzhi Xinsong Coal Mining Co., Ltd. ("**Xinsong Coal**") and Jinsha Juli with a carrying amount of approximately CNY375.5 million (31 December 2021: approximately CNY61.9 million in Jinsha Juli) as at 31 December 2022 (Note 13);

(4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun with a carrying amount of approximately CNY83.5 million and by Baiping Mining with a carrying amount of CNY22.0 million (31 December 2021: CNY88.4 million owned by Guizhou Dayun) as at 31 December 2022 (Note 11); 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 31 December 2022.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,661.3 million (31 December 2021: CNY1,739.8 million) as at 31 December 2022. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,661.3 million (31 December 2021: CNY1,794.8 million) as at 31 December 2022.

All borrowings are denominated in CNY.

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

	2022	2021
	%	*%*
Fixed-rate bank and other borrowings	**5.95~9.29**	5.46~9.26
Floating-rate bank and other borrowings	**6.78~7.35**	3.85~7.35

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

	2022	2021
	CNY'000	*CNY'000*
Bank and other borrowings repayable:		
Within one year or on demand	**1,496,404**	1,605,764
In the second year	**95,098**	89,499
In the third to fifth years, inclusive	**119,799**	199,499
	1,711,301	1,894,762

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2022 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements which indicates that as at 31 December 2022 the Group had net current liabilities of approximately CNY3,011.7 million and shareholders' deficit of approximately CNY547.8 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 opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2022, the international energy sector was hit by the Russia-Ukraine conflict which led to energy crisis and stoked inflation. Affected economies struggled to secure energy supply, and some economies went on an aggressive interest rate hiking path to combat inflation. China, on the other hand, pursued expansionary macroeconomic policies, as its economy was hit by resurgence of the pandemic in major cities which delayed expected economic recovery. Economic growth in 2022 was below target and was mainly supported by investment and export, while consumption, including housing consumption, was depressed. Overall, there was a mild increase in coal demand. On the supply side, due to persistently low capital expenditures in the coal industry, new production capacity grew slowly and is not expected to improve significantly in the near future. The National Development and Reform Commission further strengthened policy intervention in thermal coal supply, which increased coal production by existing coal mines and the percentage of thermal coal supplied under long-term agreements at capped prices. Overall, the coal market was generally in a tight balance in 2022, but coal supply was still under pressure, and the price of coal remained relatively high, mainly due to overseas disturbance.

The relatively high market price of coal contributed to a further increase in the average selling price of the Group's coal products in 2022 as compared to the prior year, but overall, the average selling price, sales volume and revenue of the Group only benefited to a limited extent from the strong coal market sentiment for several reasons. One reason is that under long-term supply agreements and the policy of securing thermal coal supply, the Group sold a significant proportion of coal products to power plants at regulated price, which squeezed sales of high-priced coal. Another reason is that the average selling price of the Group's coal products remained under pressure by the longer-than-expected temporary deterioration in coal quality due to geological complexities of current mining faces. The geological complexities of current mining faces, coupled with the reduction in capital expenditures over the past few years, also continued to constrain the increase in overall production capacity of the Group. Although production output increased in 2022 as compared to the prior year, the inability to quickly release more production capacity inevitably limited the Group's ability to benefit from the current market upswing.

The year 2022 was the third and final year of China's zero-COVID policy, which was also the hardest year in terms of general economic and business environment. The Group continued to closely monitor the development of the pandemic and took all necessary precautions to mitigate relevant business risks and ensure the health and safety of its employees. Meanwhile, the safety and environmental regulatory environment remained stringent in 2022. The Group, as usual, remained highly vigilant on mine safety and took various safety precautions to ensure production safety and proactive compliance with all safety requirements. The safety precautions included consulting the safety inspection personnel for constructive advice, strengthening the safety management system by updating various production safety policies and gas control policies on an ongoing basis, increasing the frequency of safety inspections, employing professional gas control teams, upgrading relevant production facilities on an ongoing basis, and enhancing safety-related trainings. All of the above resulted in an increase in unit production cost of the Group in 2022 as compared to the prior year. The Group also continued to incur financial burden due to the existing interest-bearing loans carried forward from 2021, which further undermined the Group's profitability.

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

Facing the difficult operating conditions in 2022, the Group continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction and tunnelling to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. The Group also continued to actively promote refined management and cost control to ensure that all investments and expenses were appropriate and just in time, reusable materials were recycled, and all mining, production and marketing activities were cost-effective.

For the year ended 31 December 2022, the Group recorded consolidated profit attributable to owners of the parent of approximately CNY53.1 million, representing a turnaround from consolidated loss of approximately CNY113.8 million in the prior year.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue from continuing operations increased by approximately 43.0% from approximately CNY1,121.0 million in 2021 to approximately CNY1,603.2 million in 2022. The approximately CNY482.2 million surge in revenue in 2022 was mainly contributed by the rise in the average selling price of anthracite coal, in particular in the average selling price of processed coal, and the increase in sales volume of self-produced anthracite coal. The average selling price (net of value-added tax) of anthracite coal rose from CNY468.8 per tonne in 2021 to CNY554.2 per tonne in 2022, representing an increase of approximately 18.2%, and the sales volume of anthracite coal increased from approximately 2.39 million tonnes in 2021 to approximately 2.89 million tonnes in 2022, representing an increase of approximately 20.9%, mainly as a result of the notable rebound in coal market sentiment in mainland China and the improvement of coal quality following the washing of more raw coal.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to approximately 59.2% and 59.1% of total revenue in 2021 and 2022, respectively, increased from approximately CNY663.2 million (approximately 0.92 million tonnes sales volume) in 2021 to approximately CNY948.1 million (approximately 1.13 million tonnes sales volume) in 2022. The increase in revenue from sales of processed coal was due to a rise of CNY116.5 per tonne in the average selling price of processed coal and the increase of 0.21 million tonnes in sales volume. The reasons for the increase have been discussed above.

In 2021 and 2022, the Group derived approximately 63.1% and 53.0% of its revenue from anthracite coal sales to its five largest customers, respectively, out of which, two trading customers who purchased thermal coal from the Group sold onwards to the power producers in Guizhou province. The management of the Group believes that by further expanding the product mix through coal washing and coal blending, the dependency on a limited number of large customers will decrease gradually and the Group's profit margin will increase.

Cost of Sales

The Group's cost of sales from continuing operations increased by approximately 30.5% from approximately CNY722.2 million in 2021 to approximately CNY942.7 million in 2022. The increase was mainly due to the increase of approximately 20.9% in sales volume of self-produced anthracite coal and the increase in the unit production cost.

Cost of Sales for Coal Mining

Labour costs in 2022 were approximately CNY260.0 million, representing an increase of approximately CNY24.0 million, or approximately 10.2%, as compared with approximately CNY236.0 million in 2021. The increase in labour costs were proportionally lower than the increase in sales volume of self-produced anthracite coal in 2022 because the Group's mine operation was able to achieve some economies of scale following the increase in production volume of coal mines, especially Dayun Coal Mine and Liujiaba Coal Mine.

Material, fuel and energy costs in 2022 were approximately CNY207.4 million, an increase of approximately CNY67.2 million or approximately 47.9%, as compared with approximately CNY140.2 million in 2021. The surge in material, fuel and energy costs were proportionally higher than the increase in sales volume of self-produced anthracite coal in 2022 because the Group incurred additional repair and maintenance works and used more materials for safety work due to the additional stringent safety supervision measures imposed by the local government and the geological complexities of current mine faces.

Depreciation and amortisation in 2022 were approximately CNY289.9 million, representing an increase of approximately CNY60.3 million, or approximately 26.3%, as compared with approximately CNY229.6 million in 2021. The increase in depreciation and amortisation in 2022 was mainly caused by the increase in production volume.

Taxes and levies in 2022 were approximately CNY73.7 million, representing an increase of approximately CNY20.2 million or approximately 37.8% as compared with approximately CNY53.5 million in 2021. The increase in the sales tax and levies, which mainly consisted of ad valorem resource tax imposed on coal mines, was mainly due to the increase in the revenue of anthracite coal in 2022.

Other production-related costs increased to approximately CNY32.9 million in 2022 from approximately CNY12.9 million in 2021. The increase in other production-related costs in 2022 was mainly caused by the increase in transportation fee arising from the coal matching between the Group's coal mines as well as the treatment cost of coal residue stone.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY50.0 million in 2021 to approximately CNY78.8 million in 2022. This was mainly due to the increase in material, fuel and energy costs resulting from the increase in repair and maintenance of washing equipment and transport belts in 2022 and the increase in transportation fee from Dayun Coal Mine and Baiping Coal Mine to the coal beneficiation plant for coal processing.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	2022 *CNY/tonne*	2021 *CNY/tonne*
Labour costs	**89.9**	98.7
Raw materials, fuel and energy	**71.7**	58.6
Depreciation and amortisation	**100.2**	96.1
Taxes & levies payable to governments	**25.5**	22.4
Other production-related costs	**11.4**	5.4
Total unit cost of sales for coal mining	**298.7**	281.2

Cost Items for Coal Processing Activities	2022 *CNY/tonne*	2021 *CNY/tonne*
Labour costs	**10.1**	9.8
Materials, fuel and energy	**26.8**	15.8
Depreciation	**9.6**	11.9
Taxes & levies payable to governments	**4.0**	4.6
Transportation fee	**14.5**	9.0
Other coal processing related costs	**4.7**	3.4
Total unit cost of sales for coal processing	**69.7**	54.5

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit from continuing operations increased by approximately 65.6% from approximately CNY398.8 million in 2021 to approximately CNY660.5 million in 2022. The overall gross margin from continuing operations, which is equal to gross profit divided by revenue, increased from approximately 35.6% in 2021 to approximately 41.2% in 2022. The increase in overall gross profit and gross margin was primarily contributed by the rise in the average selling price of anthracite coal as discussed above.

Selling and Distribution Expenses

The selling and distribution expenses from continuing operations, primarily consisting of transportation fee in connection with the sales of thermal coal and salaries and benefits, increased by approximately 11.3% from approximately CNY106.5 million in 2021 to approximately CNY118.5 million in 2022. The increase was mainly due to the increase in transportation fee for delivery of thermal coal.

Administrative Expenses

The administrative expenses from continuing operations increased by approximately 19.9% from approximately CNY133.9 million in 2021 to approximately CNY160.6 million in 2022. The increase was mainly due to the increase in entertainment expenses and staff cost.

Impairment of Financial Assets

The Group made the provision for impairment of trade receivables and prepayments from continuing operations of approximately CNY2.7 million in 2022 and a reversal of impairment of trade receivables of approximately CNY2.0 million in 2021. The impairment or the reversal of impairment of trade receivables mainly resulted from the change in expected credit losses.

Other Operating Expenses, Net

The net other operating expenses from continuing operations increased to approximately CNY94.4 million in 2022 from approximately CNY43.0 million in 2021. This was mainly caused by the increase in service fees for other operating business, the disposal of property, plant and equipment and the accrual of tax surcharges.

Finance Costs

The finance costs from continuing operations, which primarily consist of interest expenses on interest-bearing bank and other borrowings and lease liabilities, decreased by approximately 5.5% from approximately CNY161.6 million in 2021 to approximately CNY152.6 million in 2022. The decrease in finance costs was mainly due to the decrease in interest-bearing bank and other borrowings during 2022.

Income Tax Expense

The Group's income tax expense from continuing operations increased to approximately CNY58.2 million in 2022 from approximately CNY50.4 million in 2021. The increase in income tax expense in 2022 was mainly due to the rise in current profit before income tax.

Profit/Loss for the year from Continuing Operations

The profit from continuing operations was approximately CNY73.9 million in 2022, compared with the loss of approximately CNY92.9 million in 2021. The increase in profit from continuing operations in 2022 was mainly contributed by (i) the increase of approximately CNY261.7 million in gross profit resulting from the rise in average selling price and the increase in sales volume of self-produced anthracite coal; and (ii) the decrease of approximately CNY9.0 million in finance costs due to the drop in interest-bearing bank and other borrowings during 2022. The increase in profit was partially offset by (i) the increase of approximately CNY51.4 million in other operating expenses mainly due to the increase in service fees for other operating business, the disposal of property, plant and equipment and the accrual of tax surcharges; (ii) the increase of approximately CNY26.7 million in administrative expenses mainly due to the increase in staff cost and entertainment expenses; (iii) the increase of approximately CNY12.0 million in selling expenses mainly due to the increase in transportation cost for delivery of thermal coal; (iv) the increase of approximately CNY7.8 million in income tax expense mainly due to the increase in current profit before income tax; and (v) the increase of approximately CNY4.7 million in impairment of trade receivables and prepayments.

Profit/Loss Attributable to Owners of the Parent from Continuing Operations

The profit attributable to owners of the parent from continuing operations was approximately CNY26.0 million in 2022, compared with the loss of approximately CNY110.3 million in 2021. The reasons for the increase in the profit attributable to owners of the parent from continuing operations in 2022 have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

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

In 2022, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

(b) Discontinued operation of Guizhou Dayuan

On 24 May 2019, Guizhou Puxin, a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Baoshun, an independent third party, to dispose its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin. 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. 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 31 December 2022, the Group had net current liabilities of approximately CNY2,896.4 million and approximately CNY3,011.7 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2022. As at 31 December 2022, the Group had cash and cash equivalents of approximately CNY24.7 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 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 CNY1,496.4 million. As at 31 December 2022, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY214.9 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, equity interests in Guizhou Puxin, Guizhou Dayun and Baiping Mining, certain trade receivables in Jinsha Juli and Xinsong Coal, certain mining structure, machinery and equipment in Guizhou Dayun and Baiping Mining. As at 31 December 2022, the Group had loans amounting to approximately CNY1,033.8 million with fixed interest rates ranging from 5.95% to 9.29% per annum. The remaining loans held by the Group as at 31 December 2022 had floating interest rates ranging from 6.78% to 7.35% per annum.

Pledge of Assets of the Group

As at 31 December 2021 and 31 December 2022, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,739.8 million and approximately CNY1,661.3 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 CNY1,661.3 million, respectively.

As at 31 December 2021 and 31 December 2022, certain mining rights of the Group with carrying amounts of approximately CNY478.4 million and approximately CNY508.1 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,612.8 million and approximately CNY1,532.6 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 31 December 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 CNY638.7 million.

As at 31 December 2021 and 31 December 2022, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY88.4 million and CNY105.5 million, respectively, were pledged to secure the loan with carrying amounts of approximately CNY37.0 million and CNY43.7 million, respectively.

As at 31 December 2021 and 31 December 2022, certain trade receivables owned by the Group with carrying amounts of approximately CNY61.9 million and approximately CNY375.5 million, respectively, were pledged to secure loans with carrying amounts of CNY50.0 million and approximately CNY310.1 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 loans with a carrying amount of CNY50.0 million. And as at 31 December 2022, no bank deposit owned by the Group was pledged to secure loans.

CAPITAL COMMITMENTS AND EXPECTED SOURCE OF FUNDING

As at 31 December 2022, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY15.1 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed 1,742 full time employees (not including 1,221 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounting to approximately CNY372.1 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2022 (2021: CNY365.3 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme of the Company.

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

OUTLOOK

The supply-side reform in the coal industry has led to a marked increase in the concentration and quality of production capacity, which will facilitate overall production management and control and bring about higher quality and more stable domestic coal supply. However, in recent two years most existing coal mines have been producing at full capacity, and the potential to further expand their capacity has almost been exhausted. Meanwhile, against the backdrop of China's commitment to emission peak and carbon neutrality targets, and due to persistently low capital expenditures in new production capacity, 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. Coal import might recover somewhat but the extent should be limited under geopolitical and trade conflicts, reshaping of the global energy landscape and the surge in international coal prices. Overall, supply growth has reached a bottleneck, and policy intervention in thermal coal supply through the enforcement of price caps and long-term agreements is expected to remain in place to further increase thermal coal supply at regulated prices. Cyclical fluctuations in the coal industry will very likely diminish, which will be beneficial to supply-side stability and the profitability and healthy development of the coal industry.

On the demand side, China ended its zero-COVID policy in December 2022, which meant strict pandemic controls, including targeted lockdowns, mass testing and quarantines, were lifted. The targeted and highly supportive fiscal and monetary stabilising policies implemented by the Chinese government are expected to gradually show effects and revive China's economy. In particular, domestic consumption is likely to recover and serve as an important engine of economic growth, which will lend steady support to overall electricity consumption as well as coal demand. The approval of new thermal power units has also been accelerated to secure power supply. The coal chemical industry is expected to continue to benefit from various supportive policies and maintain rapid development, further boosting coal demand. Under a series of highly supportive real estate policies including those to stimulate housing consumption and the opening up of three financing channels for real estate developers, the real estate industry chain is expected to gradually recover, lending support to demand in the iron and steel industry and the building materials industry. Investment in infrastructure and manufacturing is also expected to remain strong. In the near future, overall coal demand is expected to enjoy notable growth, whereas coal supply has reached a bottleneck, resulting in potential shortage of supply and further increase in the price of coal.

In view of the stringent safety and environmental regulatory environment and increasingly intensified competition from both local and northern coal producers, the Group will continue to attach great importance to production safety and environmental protection, while actively focusing on coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products. The Group will also strive to expand production output in pursuit of economies of scale and opportunities for better product diversification. Facing the 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 Group is committed to its business strategy through vigorously (i) promoting the expansion of high-quality production capacity, coal washing facilities and transportation system; (ii) realising comprehensive mining mechanisation and intelligent production management; (iii) enhancing production safety management and environmental compliance; and, most importantly, (iv) supplying customers with diversified and customised coal products to retain high-quality customers and to penetrate the surrounding coal market.

Energy security and stable power supply are essential to economic and social development, and coal as the primary source of energy in China is still the cornerstone of energy security. Although new energy will play an important role in achieving long-term climate goals and long-term energy security, its development cannot be achieved overnight. At the present stage it is still important to focus on stable supply of coal and how to utilise coal energy in a more efficient and climate-friendly way to meet existing energy demand. Therefore, the Company is cautiously positive about the coal industry in the middle to long term. The Company will also consider other potential business projects that can provide its shareholders with promising returns and benefit the Group as a whole when suitable opportunities arise. In particular, against the backdrop of emission peak and carbon neutrality targets, the Company will actively leverage the resources and experience of its major shareholder in the new energy sector to explore investment opportunities in the new energy sector.

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. Throughout the year ended 31 December 2022, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

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

SUBSEQUENT EVENTS

On 11 January 2023, Guizhou Puxin and Xinsong Coal, and CCTEG Financial Leasing Co., Ltd. ("**CCTEG**") entered into the sale and leaseback arrangement for the sale of the relevant machinery and equipment to CCTEG for an aggregate consideration of CNY30.0 million and the leaseback of the relevant machinery and equipment from CCTEG for an aggregate consideration of CNY33.1 million. For details of the sale and leaseback arrangement, please refer to the announcement of the Company dated 11 January 2023. On 13 January 2023, Xinsong Coal received the aggregate consideration of CNY30.0 million.

On 19 January 2023, Jinsha Juli received the remaining loan facility amounting to CNY40.0 million out of the total CNY100.0 million long-term bank loan from Bank of Guiyang, to be repaid on 18 January 2024. The purpose of the loan is to pay the purchase of coal. The loan bears interest at a fixed rate of 6.96% per annum.

On 3 March 2023, Guizhou Puxin and Xinsong Coal, and CCTEG entered into the finance lease arrangement, pursuant to which CCTEG agreed to acquire the relevant coal machinery and equipment as per the instructions given by Guizhou Puxin and Xinsong Coal and CCTEG agreed to lease the relevant coal machinery and equipment to Guizhou Puxin and Xinsong Coal at the total rental amount of CNY33.1 million for a term of 36 months. For details of the finance lease arrangement, please refer to the announcement of the Company dated 3 March 2023.

On 10 March 2023, Xinsong Coal and Jiangxi Province Haiji Financial Leasing Co., Ltd. ("**JPHFLC**") entered into the sale and leaseback arrangement for the sale of the relevant machinery and equipment to JPHFLC for an aggregate consideration of CNY70.0 million and the leaseback of the relevant machinery and equipment from JPHFLC for an aggregate consideration of CNY74.6 million. For details of the sale and leaseback arrangement, please refer to the announcement of the Company dated 10 March 2023. On 14 March and 15 March 2023, Xinsong Coal received the aggregate consideration of CNY70.0 million.

On 24 March 2023, Guizhou Puxin and Liupanshui branch of Bank of Guizhou Co., Ltd. entered into a short-term credit facility agreement, pursuant to which Liupanshui branch of Bank of Guizhou Co., Ltd. will provide a short-term facility totalling CNY668.0 million for a year from 24 March 2023 to 23 March 2024. Up to 30 March 2023, Guizhou Puxin received a total of CNY128.0 million short-term bank loan.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2022 in this preliminary announcement have been reviewed by the audit committee of the Company and have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2022 by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The 2023 annual general meeting of the Company is scheduled to be held on 31 May 2023 (the "**2023 AGM**"). The notice of 2023 AGM will be published on the website of the Company at www.fsanthracite.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

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

Pursuant to the requirements of the Listing Rules, the 2022 annual report of the Company will set out all information required by the Listing Rules and will be published on the website of the Company (www.fsanthracite.com) and the designated website of the Stock Exchange (www.hkexnews.hk) on or before 30 April 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the 2023 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 17, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 May 2023.

APPRECIATION

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

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

Hong Kong, 30 March 2023

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