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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

- Revenue from continuing operations decreased by approximately 76.0% to approximately CNY153.6 million for the six months ended 30 June 2024 from approximately CNY641.3 million for the six months ended 30 June 2023
- Gross profit from continuing operations decreased by approximately 99.3% to approximately CNY1.5 million for the six months ended 30 June 2024 from approximately CNY224.3 million for the six months ended 30 June 2023
- Loss attributable to owners of the parent from continuing operations increased by approximately 537.0% to approximately CNY143.4 million for the six months ended 30 June 2024 from approximately CNY22.5 million for the six months ended 30 June 2023
- Basic loss per share from continuing operations was approximately CNY0.1

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	**Six months ended 30 June** **2024** *CNY'000* **(Unaudited)**	2023 *CNY'000* (Unaudited)
CONTINUING OPERATIONS			
Revenue	*4*	**153,619**	641,344
Cost of sales		**(152,119)**	(417,024)
Gross profit		**1,500**	224,320
Selling and distribution expenses		**(14,239)**	(58,246)
Administrative expenses		**(73,576)**	(81,595)
Other operating income/(expenses), net		**(16,925)**	(35,389)
Finance costs	*5*	**(67,196)**	(74,383)
Interest income	*6*	**56**	808
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(170,380)**	(24,485)
Income tax credit	*7*	**19,922**	7,078
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(150,458)**	(17,407)
DISCONTINUED OPERATION			
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	*3*	**(210)**	(938)
LOSS FOR THE PERIOD		**(150,668)**	(18,345)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June 2024 *CNY'000* (Unaudited)	2023 *CNY'000* (Unaudited)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		**(143,382)**	(22,508)
From a discontinued operation		**(208)**	(929)
		(143,590)	(23,437)
Non-controlling interests			
From continuing operations		**(7,076)**	5,101
From a discontinued operation		**(2)**	(9)
		(7,078)	5,092
		(150,668)	(18,345)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	*8*	**(0.10)**	(0.02)
– For loss from a discontinued operation	*8*	*	*
– Net loss per share		**(0.10)**	(0.02)

* *Insignificant*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(150,668)**	(18,345)
Other comprehensive income		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,975)**	(6,959)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,531**	6,304
Other comprehensive loss for the period, net of tax	**(444)**	(655)
TOTAL COMPREHENSIVE LOSS, NET OF TAX	**(151,112)**	(19,000)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**(143,826)**	(23,163)
From a discontinued operation	**(208)**	(929)
	(144,034)	(24,092)
Non-controlling interests		
From continuing operations	**(7,076)**	5,101
From a discontinued operation	**(2)**	(9)
	(7,078)	5,092
	(151,112)	(19,000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2024

	Notes	**30 June 2024** *CNY'000* **(Unaudited)**	31 December 2023 *CNY'000* (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,566,443**	2,528,870
Right-of-use assets	*11(a)*	**266,164**	269,098
Rehabilitation fund		**16,035**	17,285
Prepayments and other receivables		**12,591**	34,285
Investments in associates		**-**	-
Deferred tax assets	*7*	**21,297**	14,633
TOTAL NON-CURRENT ASSETS		**2,882,530**	2,864,171
CURRENT ASSETS			
Inventories		**52,204**	60,555
Trade and bills receivables	*12*	**8,758**	9,316
Prepayments and other receivables		**88,194**	114,797
Pledged deposits		**16,925**	46,934
Cash and cash equivalents		**19,520**	10,107
TOTAL CURRENT ASSETS		**185,601**	241,709
TOTAL ASSETS		**3,068,131**	3,105,880

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 JUNE 2024

	Notes	30 June 2024 CNY'000 (Unaudited)	31 December 2023 CNY'000 (Audited)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*13*	**846,697**	948,910
Other payables and accruals		**1,154,964**	921,783
Interest-bearing bank and other borrowings	*14*	**1,628,275**	1,702,875
Lease liabilities	*11(b)*	**58,852**	64,614
Interest payable		**44,998**	41,553
Income tax payable		**55,679**	55,679
Mining right payables		**43,783**	43,783
TOTAL CURRENT LIABILITIES		**3,833,248**	3,779,197
NON-CURRENT LIABILITIES			
Due to related companies		**272,994**	165,407
Due to the Shareholder		**13,075**	14,463
Interest-bearing bank and other borrowings	*14*	**22,030**	35,125
Lease liabilities	*11(b)*	**47,671**	67,455
Deferred tax liabilities	*7*	**60,804**	74,062
Deferred income		**11,604**	12,903
Asset retirement obligations		**16,339**	15,790
TOTAL NON-CURRENT LIABILITIES		**444,517**	385,205
TOTAL LIABILITIES		**4,277,765**	4,164,402
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(1,427,739)**	(1,283,705)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(1,426,658)**	(1,282,624)
NON-CONTROLLING INTERESTS		**217,024**	224,102
TOTAL EQUITY		**(1,209,634)**	(1,058,522)
TOTAL LIABILITIES AND EQUITY		**3,068,131**	3,105,880

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the Reporting Period have been prepared in accordance with the International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

As at 30 June 2024, the Group had net current liabilities of approximately CNY3,647.6 million (31 December 2023: CNY3,537.5 million) and total assets less current liabilities of approximately negative CNY765.1 million (31 December 2023: negative CNY673.3 million).

Going concern

As at 30 June 2024, the Group had net current liabilities of approximately CNY3,647.6 million and shareholders' deficit of approximately CNY1,209.6 million. In view of these circumstances, the Directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd. ("**Feishang Enterprise**"), controlled by Mr. Li Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) focusing on coal quality management to improve the competitiveness and average selling price of its coal products by expanding the 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) obtaining continual financial support and funding from Feishang Enterprise.

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") that are applicable to the Group for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The Group had supplier finance arrangements as at 30 June 2024 and will provide additional disclosures of its supplier finance arrangements in the Group's consolidated financial statements for the year ending 31 December 2024.

2. OPERATING SEGMENT INFORMATION

During the Reporting Period, 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 operations in Chinese Mainland. The Group's management monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

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

Information about major customers

During the Reporting Period, revenue derived from sales to the four largest customers individually amounted to 21.1%, 12.1%, 10.4% and 10.1% of the consolidated revenue. During the six months ended 30 June 2023, revenue derived from sales to the largest customer amounted to 21.5% of the consolidated revenue.

3. DISCONTINUED OPERATION

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China (the "**PRC**"), which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposals approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. During the Reporting Period, substantially all the work at Gouchang Coal Mine had ceased, and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the interim condensed consolidated statement of profit or loss.

* *For identification purposes only*

The results of Gouchang Coal Mine for the Reporting Period and six months ended 30 June 2023 are presented below:

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Administrative expenses	**(210)**	(938)
LOSS BEFORE INCOME TAX	**(210)**	(938)
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	**(210)**	(938)
Attributable to:		
Owners of the parent	**(208)**	(929)
Non-controlling interests	**(2)**	(9)
	(210)	(938)

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

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Operating activities	**(145)**	(471)
Financing activities	**(28)**	614
Net cash (outflow)/inflow	**(173)**	143

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

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to ordinary equity holders of the parent from a discontinued operation	**(208)**	(929)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent from a discontinued operation (CNY per share):		
Basic and diluted	*****	*

* *Insignificant*

4. REVENUE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**153,619**	641,344

(i) Disaggregated revenue information

	Six month ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Types of goods		
Sale of coal	**153,607**	641,229
Coal trading	**12**	115
Total	**153,619**	641,344
Geographic market		
Chinese Mainland	**153,619**	641,344
Timing of revenue recognition		
Goods transferred at a point of time	**153,619**	641,344

(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.

As almost of the Group's contracts provide for a credit period of less than one year after the transfer of the associated goods, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**59,407**	61,277
Interest on lease liabilities	**3,338**	3,739
Interest on payables for mining rights	**1,237**	2,278
Total interest expense	**63,982**	67,294
Bank charges	**26**	444
Interest on discounted bills	**2,639**	6,131
Accretion expenses	**549**	514
	67,196	74,383

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Crediting:		
Interest income on bank deposits	**(56)**	(808)
Government grant[a]	**(5,645)**	(3,671)
Charging:		
Cost of inventories sold[b]	**110,762**	326,345
Sales tax and surcharge	**8,551**	31,972
Utilisation of the safety fund and production maintenance fund	**32,806**	58,707
Cost of sales	**152,119**	417,024
Employee benefit expenses	**92,119**	164,725
Depreciation, depletion and amortisation:		
– Property, plant and equipment	**43,747**	127,806
– Right-of-use assets	**3,497**	17,221
Lease payments not included in the measurement of lease liabilities	**718**	1,096
Impairment of financial assets, net	**4,914**	530
Loss on disposal of property, plant and equipment	**881**	–

(a) The government grant with a total amount of approximately CNY5.6 million was included in other operating income for the Reporting Period (six months ended 30 June 2023: CNY3.7 million).

(b) Included in the cost of inventories sold was approximately CNY94.4 million for the Reporting Period (six months ended 30 June 2023: CNY246.2 million) relating to employee benefit expenses and depreciation, depletion and amortisation, which are also included in the respective amounts disclosed separately above for each type of expenses.

7. INCOME TAX CREDIT FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the British Virgin Islands ("**BVI**") and conducts its primary business through its subsidiaries in Chinese Mainland. 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 Reporting Period (six months ended 30 June 2023: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation had tax losses during the Reporting Period and six months ended 30 June 2023. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**"), the tax rate applicable to PRC group entities was 25% for the Reporting Period except that Jinsha Juli Energy Co., Ltd. ("**Jinsha Juli**") was entitled to the preferential tax rate of 15% according to the approval document issued by the Guizhou Provincial Development and Reform Commission in June 2022, because the technique adopted by its operating business meets the criterion of "Catalogue of Encouraged Industries in Western Regions (2020 Version)" (six months ended 30 June 2023: 25%).

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

As of 30 June 2024, the Group did not recognise deferred tax liabilities for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland as there were no undistributed earnings available due to the aggregate loss of these subsidiaries.

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

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Current – Chinese Mainland	**–**	8,470
Deferred – Chinese Mainland	**19,922**	(1,392)
	19,922	7,078

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

	At 30 June 2024 *CNY'000* **(Unaudited)**	At 31 December 2023 *CNY'000* (Audited)
Deferred tax assets		
Accrued liabilities and other payables	**5,445**	4,577
Asset retirement obligations	**3,946**	3,802
Capitalised pilot run income	**8,293**	8,726
Tax losses	**86,992**	52,260
Right-of-use assets	**6,275**	4,417
Bad debt provision	**5,807**	5,623
	116,758	79,405
Deferred tax liabilities		
Dismantled assets	**(1,073)**	(1,066)
Lease liabilities	**(3,749)**	(2,431)
Depreciation and fair value adjustment of property, plant and equipment	**(151,443)**	(135,337)
	(156,265)	(138,834)
Net deferred tax liabilities	**(39,507)**	(59,429)
Classification in the interim condensed consolidated statement of financial position:		
Deferred tax assets	**21,297**	14,633
Deferred tax liabilities	**(60,804)**	(74,062)

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

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

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

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

	Six months ended 30 June	
	2024	2023
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to ordinary equity holders of the parent:		
from continuing operations	**(143,382)**	(22,508)
from a discontinued operation	**(208)**	(929)
	(143,590)	(23,437)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
from continuing operations	**(0.10)**	(0.02)
from a discontinued operation	*	*
	(0.10)	(0.02)

* *Insignificant*

The Company did not have any potential diluted shares throughout the Reporting Period. Accordingly, the diluted loss per share amounts are the same as the basic loss per share amounts.

9. DIVIDEND

No dividend has been paid or declared by the Company for the Reporting Period (six months ended 30 June 2023: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the additions of property, plant and equipment (excluding the items transferred from construction in progress) and construction in progress amounted to approximately CNY9.8 million (six months ended 30 June 2023: approximately CNY9.7 million) and approximately CNY72.7 million (six months ended 30 June 2023: approximately CNY92.4 million), respectively.

During the Reporting Period, assets with a net book value of CNY1.2 million were disposed of by the Group (six months ended 30 June 2023: Nil), resulting in a net gain on disposal of CNY0.9 million (six months ended 30 June 2023: Nil).

During the Reporting Period, the total depreciation accrued was approximately CNY43.7 million (six months ended 30 June 2023: approximately CNY127.8 million).

As at 30 June 2024, certain mining rights with a carrying amount of approximately CNY451.2 million (31 December 2023: approximately CNY453.3 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,359.0 million (31 December 2023: approximately CNY1,371.2 million) (Note 14).

As at 30 June 2024, certain mining structure, machinery and equipment with a carrying amount of approximately CNY20.2 million (31 December 2023: approximately CNY171.0 million) were pledged to secure bank loans with a carrying amount of CNY96.8 million (31 December 2023: CNY109.6 million) (Note 14).

As at 30 June 2024, certain buildings with a carrying amount totalling approximately CNY112.0 million (31 December 2023: approximately CNY108.4 million) were without title certificates.

11. LEASE

(a) Right-of-use assets

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

	Leasehold land CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total CNY'000
As at 1 January 2023	55,023	227,529	4,278	286,830
Additions	18,780	95,386	–	114,166
Depreciation charge	(474)	(20,446)	(1,670)	(22,590)
Reclassified to property, plant and equipment	–	(109,308)	–	(109,308)
As at 31 December 2023 and 1 January 2024	**73,329**	**193,161**	**2,608**	**269,098**
Additions	**563**	**–**	**–**	**563**
Depreciation charge	**(107)**	**(2,915)**	**(475)**	**(3,497)**
As at 30 June 2024	**73,785**	**190,246**	**2,133**	**266,164**

(b) Lease liabilities

	At 30 June 2024 ***CNY'000*** **(Unaudited)**	At 31 December 2023 *CNY'000* (Audited)
Carrying amount at the beginning of period/year	**132,069**	132,659
New leases	**–**	114,166
Accretion expense	**3,338**	6,302
Payments	**(28,884)**	(121,058)
Carrying amount at the end of period/year	**106,523**	132,069
Analysed into:		
Current portion	**58,852**	64,614
Non-current portion	**47,671**	67,455

12. TRADE AND BILLS RECEIVABLES

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Trade receivables	**59,644**	59,198
Less: Loss allowance for impairment of trade receivables	**(54,640)**	(53,236)
	5,004	5,962
Bills receivable	**3,754**	3,354
	8,758	9,316

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

Trade receivables (including inter-company trade receivables) of approximately CNY52.3 million (31 December 2023: approximately CNY52.3 million) were pledged as security for a short-term loan of CNY48.5 million (31 December 2023: CNY48.5 million) as at 30 June 2024 (Note 14).

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

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

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Within 3 months	**3,011**	2,979
3 to 6 months	**88**	–
6 to 12 months	**–**	–
Over 12 months	**1,905**	2,983
	5,004	5,962

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

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**53,236**	53,501
Impairment loss recognised	**1,404**	–
Reversal of impairment	**–**	(265)
At the end of the period/year	**54,640**	53,236

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

13. TRADE AND BILLS PAYABLES

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Trade payables[(a)]	**846,697**	892,910
Bills payable[(b)]	**–**	56,000
	846,697	948,910

(a) Included in trade payables was approximately CNY533.0 million (31 December 2023: approximately CNY544.0 million) due to construction-related contractors as at 30 June 2024.

(b) Pledged deposits of nil (31 December 2023: CNY28.0 million) were pledged to secure the bank bills as at 30 June 2024.

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

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Within one year	**254,587**	486,711
One to two years	**237,408**	357,058
More than two years	**354,702**	49,141
	846,697	892,910

Bills payable are bills of exchange with maturity of less than one year.

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2024	At 31 December 2023
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Current		
Bank and other borrowings – guaranteed	**90,290**	149,092
Bank and other borrowings – secured	**48,500**	48,500
Bank and other borrowings – secured and guaranteed	**1,277,485**	1,276,241
Current portion of long-term bank and other borrowings – secured and guaranteed	**208,467**	225,750
Current portion of long-term bank and other borrowings – secured	**649**	–
Current portion of long-term bank and other borrowings – guaranteed	**2,884**	3,292
	1,628,275	1,702,875
Non-current		
Bank and other borrowings – guaranteed	**649**	1,868
Bank and other borrowings – secured and guaranteed	**20,815**	33,257
Bank and other borrowings – secured	**566**	–
	22,030	35,125
	1,650,305	1,738,000

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 CNY451.2 million (31 December 2023: approximately CNY453.3 million) as at 30 June 2024 (Note 10);

(2) pledges over the Company's equity interests in Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**"), Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**"), Jinsha Baiping Mining Co., Ltd. ("**Baiping Mining**"), Liuzhi Xinsong Coal Mining Co., Ltd. ("**Xinsong Coal**") and Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") as at 30 June 2024 and as at 31 December 2023;

(3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of approximately CNY52.3 million (31 December 2023: approximately CNY52.3 million) as at 30 June 2024 (Note 12);

(4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun, Baiping Mining and Xinsong Coal with a carrying amount of approximately CNY20.2 million (31 December 2023: approximately CNY171.0 million) as at 30 June 2024 (Note 10); and

(5) a pledge of a deposit with a carrying amount of CNY15.0 million (31 December 2023: 15.0 million) as at 30 June 2024.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings of up to approximately CNY1,527.1 million (31 December 2023: approximately CNY1,614.3 million) as at 30 June 2024. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings of up to approximately CNY1,497.1 million (31 December 2023: approximately CNY1,584.3 million) as at 30 June 2024.

All borrowings are denominated in CNY.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2024, the Chinese economy was still recovering at a pace below expectation and was fighting against deflation, partly due to the depressed real estate sector and domestic consumption. External risks and uncertainties, including geopolitical conflicts, high interest rates of many major economies, and Sino-US friction and technology blockade, also continued to pose challenges to the Chinese economy and Chinese enterprises. The central government continued its expansionary policy stance and stepped up efforts to resolve the real estate market risk and local government debt risk. A series of targeted and supportive fiscal, monetary and industrial policies, especially real estate deregulation, were announced and successively implemented. Macroeconomic indicators suggested that the economy was recovering slowly. In the first half of 2024, China's gross domestic product ("**GDP**") grew at a year-on-year ("**YOY**") rate of 5.0%, thanks to the relatively strong manufacturing and export sectors which served as a major economic engine.

Within the coal industry, in the first half of 2024, coal supply and demand were both weak. On the supply side, coal supply still lacked elasticity due to supply-side reform, low capital expenditures and further strengthened safety and environmental regulation. A major coal-producing province, Shanxi Province, experienced a large YOY reduction of 13.5% in coal production, resulting in a 1.7% YOY decrease in overall domestic raw coal production in the first half of 2024. However, due to the easing of geopolitical tensions, international coal price advantage, zero to low import tariffs and largely increased coal import from Australia, coal import in the first half of 2024 increased by 12.5% YOY on top of last year's high base. The combined results of the above led to no YOY increase in overall coal supply in the first half of 2024.

On the demand side, total electricity consumption in the first half of 2024 increased by 8.1% YOY, lending support to total power generation which grew by 5.2% YOY, with the growth mainly seen in hydropower generation with a 21.4% YOY increase, meaning the thermal power industry only grew by 1.7% YOY. Thanks to increased strategic importance and high international oil price, the coal chemical industry continued to grow and support coal demand. Other downstream industries, including the iron and steel industry and the cement industry, further weakened due to the continued depressed state of the real estate industry. High manufacturing investment and infrastructure investment served as important support for fixed asset investment and coal demand. The economy and coal demand were recovering slowly. In the first half of 2024, the price of coal further declined but exhibited reduced volatility as compared with the corresponding period in 2023. In March 2024, the percentage of loss-making companies in the coal industry reached a new high since 1999.

For the six months ended 30 June 2024, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY143.6 million. As disclosed in the profit warning announcement of the Company dated 28 June 2024, the Group recorded a slump in revenue and gross profit for the six months ended 30 June 2024. This was mainly due to (i) the Group's operations still being affected by the geological complexities of current mining faces, the temporary suspension of production of two major coal mines from October 2023 to March 2024, the streamlining of mining teams, and the temporary suspension of coal mining caused by delay in excavation work; (ii) the decline in the market price of coal in mainland China in the first half of 2024 as compared with the corresponding period in 2023, plus a significant proportion of coal products being sold to power plants at regulated price; and (iii) the stringent safety and environmental regulatory environment. These in turn led to a plunge in production and sales volume, an increase in unit production cost and a drop in the average selling price of the Group's coal products in 2024. Also, interest expense from the interest-bearing loans carried forward from 2023 further undermined the Group's profitability.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue decreased by approximately 76.0% from approximately CNY641.3 million for the six months ended 30 June 2023 to approximately CNY153.6 million for the Reporting Period. The approximately CNY487.7 million plunge in revenue during the Reporting Period was mainly caused by the decrease in sales volume of self-produced anthracite coal and the drop in the average selling price. The sales volume of self-produced anthracite coal decreased from approximately 1.32 million tonnes for the six months ended 30 June 2023 to approximately 0.42 million tonnes for the Reporting Period, representing a decrease of approximately 68.3%, mainly due to (i) the geological complexities of current mining faces encountered by the Group; (ii) the temporary production suspension resulting from the several incidents of gas overruns and the stringent safety and environmental regulatory environment; and (iii) the streamlining of mining teams and the temporary suspension of coal mining caused by delay in excavation work. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY485.1 per tonne for the six months ended 30 June 2023 to CNY366.7 per tonne for the Reporting Period, representing a decrease of approximately 24.4%, mainly as a result of the drop in coal quality of the Group's coal mines and the overall price of coal market in Chinese Mainland.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to 62.2% and 43.4% of total revenue for the six months ended 30 June 2023 and the Reporting Period, respectively, decreased from approximately CNY398.6 million (0.60 million tonnes sales volume) for the six months ended 30 June 2023 to approximately CNY66.6 million (0.11 million tonnes sales volume) during the Reporting Period. The decrease in revenue from sales of processed coal was mainly contributed by the decrease of 0.49 million tonnes in sales volume and a drop of CNY40.1 per tonne in the average selling price of processed coal. The reasons for the decrease in the sales volume and the average selling price have been discussed above.

Cost of Sales

The Group's cost of sales decreased by approximately 63.5% from approximately CNY417.0 million for the six months ended 30 June 2023 to approximately CNY152.1 million for the Reporting Period. The decrease in cost of sales was mainly due to the decrease of approximately 68.3% in sales volume of self-produced anthracite coal.

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY47.0 million, representing a decrease of approximately CNY66.0 million, or approximately 58.4%, as compared with approximately CNY113.0 million for the six months ended 30 June 2023. The decrease in labour costs was proportionally lower than the decrease in sales volume of self-produced anthracite coal during the Reporting Period mainly because the Group's coal mines were not able to achieve economies of scale following the production decline. The reasons for the decrease in the production volume have been discussed above.

Material, fuel and energy costs for the Reporting Period were approximately CNY39.0 million, representing a decrease of approximately CNY51.5 million, or approximately 56.8%, as compared with approximately CNY90.5 million for the six months ended 30 June 2023. The decrease in material, fuel and energy costs was proportionally lower than the decrease in sales volume of self-produced anthracite coal during the Reporting Period because the Group incurred additional repair and maintenance works due to the additional stringent safety supervision measures, several incidents of gas overruns and the geological complexities of current mine faces.

Depreciation and amortisation for the Reporting Period were approximately CNY35.5 million, representing a decrease of approximately CNY94.7 million, or approximately 72.8%, as compared with approximately CNY130.2 million for the six months ended 30 June 2023. The decrease in depreciation and amortisation for the Reporting Period was mainly caused by the decrease in production volume and impairment losses on property, plant and equipment recognised in Liujiaba Coal Mine in 2023.

Taxes and levies for the Reporting Period were approximately CNY8.4 million, representing a decrease of approximately CNY21.9 million, or approximately 72.3%, as compared with approximately CNY30.3 million for the six months ended 30 June 2023. The decrease in sales taxes and levies, which mainly consisted of ad valorem resource tax, was mainly due to the decrease in revenue of anthracite coal during the Reporting Period.

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, decreased from approximately CNY41.6 million for the six months ended 30 June 2023 to approximately CNY12.0 million for the Reporting Period. This was mainly due to the decrease in production output of Yongsheng Coal Mine, Dayun Coal Mine and Baiping Coal Mine, which in turn led to a decrease in coal processing volume of the Group's coal beneficiation plant.

Breakdown of the Group's Unit Cost of Sales

	Six months ended 30 June	
	2024	2023
Cost Items for Coal Mining Activities	***CNY/tonne***	*CNY/tonne*
Labour costs	**112.2**	85.5
Raw materials, fuel and energy	**93.3**	68.5
Depreciation and amortisation	**84.7**	98.5
Taxes & levies payable to governments	**20.1**	23.0
Other production-related costs	**24.4**	8.5
Total unit cost of sales for coal mining	**334.7**	284.0

	Six months ended 30 June	
	2024	2023
Cost Items for Coal Processing Activities	***CNY/tonne***	*CNY/tonne*
Labour costs	**17.9**	11.8
Materials, fuel and energy	**34.1**	27.2
Depreciation	**55.2**	10.0
Taxes & levies payable to governments	**1.4**	2.7
Transportation fee	**0.4**	16.3
Other coal processing related costs	**3.1**	1.3
Total unit cost of sales for coal processing	**112.1**	69.3

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit decreased by approximately 99.3% from approximately CNY224.3 million for the six months ended 30 June 2023 to approximately CNY1.5 million for the Reporting Period. The overall gross margin, which is equal to gross profit divided by revenue, decreased from approximately 35.0% for the six months ended 30 June 2023 to approximately 1.0% for the Reporting Period. The decrease in overall gross profit and gross margin was mainly caused by the drop in the average selling price, an increase in unit cost of sales and a decrease in sales volume of anthracite coal as discussed above.

Loss for the Reporting Period from Continuing Operations

The loss from continuing operations increased from approximately CNY17.4 million for the six months ended 30 June 2023 to approximately CNY150.5 million for the Reporting period. The increase in loss from continuing operations for the Reporting Period was mainly caused by the decrease of approximately CNY222.8 million in gross profit mainly resulting from the drop in average selling price and sales volume of self-produced anthracite coal, and an increase in unit cost of sales during the Reporting Period. The increase in loss was partially offset by (i) the decrease of approximately CNY44.0 million in selling expenses mainly due to the decrease in transportation cost for delivery of thermal coal; (ii) the decrease of approximately CNY18.5 million in other operating expenses mainly due to the decrease in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group and service fees for other operating business; (iii) the decrease of approximately CNY8.0 million in administrative expenses mainly due to the decrease in entertainment expenses and staff cost; (iv) the decrease of approximately CNY7.2 million in finance costs due to the decline in the discounted bills and the average interest-bearing bank and other borrowings during the Reporting Period compared with the same period in 2023; and (v) the increase of approximately CNY12.8 million in income tax credit mainly due to the increase in deferred income tax benefit resulting from the increase in unutilised tax losses.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased to approximately CNY143.4 million during the Reporting Period from approximately CNY22.5 million for the six months ended 30 June 2023. The reasons for the increase in the loss attributable to owners of the parent for the Reporting Period from continuing operations have been discussed above.

Discontinued Operation

Discontinued Operation of Gouchang Coal Mine

Since March 2013, the operations of Gouchang Coal Mine had been suspended. The Group planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation on 5 January 2016.

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

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2023 and 30 June 2024, the Group had net current liabilities of approximately CNY3,537.5 million and approximately CNY3,647.6 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the Reporting Period. As at 30 June 2024, the Group had cash and cash equivalents of approximately CNY19.5 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2024, 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 CNY1,628.3 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY22.0 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him, and some of the Group's bank borrowings are secured by pledges of the mining rights of the Group, equity interests in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining, certain trade receivables in Guizhou Dayun, certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal, and a bank deposit in Guizhou Yongfu. As at 30 June 2024, the Group had loans amounting to approximately CNY1,208.8 million with fixed interest rates ranging from 3.38% to 10.24% per annum. The remaining loans held by the Group as at 30 June 2024 had floating interest rates ranging from 6.770% to 7.35% per annum.

Pledge of Assets of the Group

As at 31 December 2023 and 30 June 2024, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,614.3 million and approximately CNY1,527.1 million, respectively and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,584.3 million and approximately CNY1,497.1 million, respectively.

As at 31 December 2023 and 30 June 2024, certain mining rights of the Group with carrying amounts of approximately CNY453.3 million and approximately CNY451.2 million, respectively were pledged to secure bank loans with carrying amounts of approximately CNY1,371.2 million and approximately CNY1,359.0 million, respectively.

As at 31 December 2023 and 30 June 2024, the Company's equity interest in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY619.0 million and approximately CNY577.8 million, respectively.

As at 31 December 2023 and 30 June 2024, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY171.0 million and approximately CNY20.2 million, respectively were pledged to secure the loans with carrying amounts of approximately CNY109.6 million and approximately CNY96.8 million, respectively.

As at 31 December 2023 and 30 June 2024, certain trade receivables (including inter-company trade receivables) owned by the Group with a carrying amount of approximately CNY52.3 million was pledged to secure a loan with a carrying amount of CNY48.5 million.

As at 31 December 2023 and 30 June 2024, a bank deposit owned by the Group with a carrying amount of CNY15.0 million was pledged to secure a loan with a carrying amount of CNY30.0 million.

Pledge of Shares by the Controlling Shareholder

As at 30 June 2024, working capital facilities of up to CNY200.0 million advanced by Guizhou Province Development Investment Company Limited ("**GPDIC**") from time to time to Guizhou Puxin have been made available by the pledging of 600,000,000 ordinary shares of the Company's issued share capital held by Feishang Group Limited (a controlling shareholder of the Company) in favour of GPDIC. For details of the pledge of shares, please refer to the announcement of the Company dated 19 May 2023. In addition, the above-mentioned advances by GPDIC have been guaranteed by the Company and its four subsidiary companies, Mr. LI Feilie and his associates, and an independent third party.

Provision of the Corporate Guarantee

On 25 September 2023, Guizhou Puxin entered into the corporate guarantee in favour of the Bank of Guizhou (Jinsha Branch) in the maximum amount of CNY36.0 million in respect of the indebtedness of Jinsha Economic Development Zone Trading Co., Ltd. which may arise from a loan facility in the principal amount of CNY300.0 million during the period from 25 September 2023 to 24 September 2024 to be advanced by the Bank of Guizhou (Jinsha Branch) to Jinsha Economic Development Zone Trading Co., Ltd.. For details of the corporate guarantee, please refer to the announcement of the Company dated 25 September 2023.

Currency Exposure and Management

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

Capital Commitments

As at 30 June 2024, the Group had contractual capital commitments in respect of purchase of materials, machinery and equipment amounting to approximately CNY11.6 million.

Contingent Liabilities

As at 30 June 2024, except for the bank borrowings, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Gearing Ratio

As at 31 December 2023 and 30 June 2024, the gearing ratio (which is calculated by dividing total interest-bearing debt by total equity plus total interest-bearing debt at the end of the year/ Reporting Period and multiplying by 100%) was 223.8% and 304.7%, respectively. The gearing ratio increased as the Group recorded a significant loss for the Reporting Period.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 2,018 full time employees (not including 702 workers provided by third party labour agencies) from continuing operations for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY96.8 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2023: approximately CNY165.3 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

PROSPECTS

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, high development costs, as well as tight safety and environmental regulation becoming a new normal, the future expansion of production capacity and output in the coal industry is expected to remain mild and constrained. The policy of securing coal supply is expected to remain in place to stabilise and increase domestic coal production. In the second half of 2024, due to insufficient domestic production, coal import is expected to remain relatively high, but the growth of import is expected to gradually slow down due to the narrowing international price advantage and the previous high base. Overall, coal supply in 2024 is not expected to increase, depending on the speed and the extent to which major coal producing provinces restore production capacity in the second half of the year.

On the demand side, the government is ramping up efforts to sustain steady growth in the second half of 2024 with a targeted policy mix. A slew of proactive fiscal policies, including the issuance and usage of special bonds and ultra-long special treasury bonds and the promotion of large-scale equipment upgrades and trade-ins of bulk durable consumer goods, have been adopted to strengthen counter-cyclical adjustments and bolster the real economy. It is expected that multiple monetary policy tools will be fully utilised to ensure sufficient liquidity, reduce social financing costs and stabilise market expectations. It is also expected that with the emphasis on consistency of macro policy orientation, the resulting economic recovery in the near future will lend steady support to total electricity consumption as well as coal demand. The coal chemical industry is expected to continue to benefit from the supportive policies, further boosting coal demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see increasingly more policy support in various innovative ways. Although the year 2024 is not expected to see any significant growth in coal supply and demand, the industry fundamentals are likely to improve gradually in 2025. In the second half of 2024, the price of coal is expected to fluctuate within a narrow range and reach an annual high in the fourth quarter.

In the near future, the Group expects to see a continuation in low production volume as compared with prior years. This is mainly caused by (i) the geological complexities of current mining faces which are expected to continue well into the near future and adversely affect production volume and coal quality; (ii) the streamlining of mining teams and the delay in excavation work which might further cause suspension of coal production; and (iii) the trend of increasingly tight safety supervision and regulation, which is expected to further affect production and output. The Group will continue to attach great importance to production safety and environmental protection while striving to address internal challenges, including expanding production output, managing coal quality and adjusting product mix, to improve the competitiveness and average selling price of its coal products and restore revenue and gross profit. The Group will also continue to improve production efficiency and intelligence and enhance refined management and cost control. Facing the 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. Notwithstanding the above, the Group is expected to record a slump in turnover and a surge in consolidated loss attributable to owners of the parent for the year ending 31 December 2024 when compared with the year ended 31 December 2023. This is mainly caused by the anticipated continuation of the adverse factors in the second half of 2024 as discussed in the business review section.

The Company will also consider other business projects that can provide its shareholders with promising returns and benefit the Group as a whole when 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 COMPANY'S LISTED SHARES

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

Mr. HAN Weibing was the chairman and chief executive officer of the Company prior to his resignation from the period from 1 January 2024 up to 12 January 2024. He was mainly responsible for the Group's overall strategies, planning, management and business development.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviated from this code provision of the CG Code with Mr. HAN Weibing being the chairman and chief executive officer of the Company from 1 January 2024 up to 12 January 2024. The Board considered this arrangement was in the best interests of the Group as it allowed for efficient discharge of the executive functions of the chief executive officer. The Board believed that the balance of power and authority was adequately ensured by the operations of the Board which comprised experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions were made after consultation with the Board and senior management as well as relevant Board committees. The Board was therefore of the view that there were adequate measures in place to balance power and safeguard shareholders' interests.

Subsequent to 12 January 2024, Mr. WANG Xinhua was appointed as the Chairman of the Company.

SUBSEQUENT EVENTS

On 16 August 2024, Guizhou Puxin received and fully drew down a short-term bank loan of CNY32.0 million from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 15 August 2025. The purpose of the loan is for purchasing coal. The loan bears a fixed annual interest rate at 6.775% per annum.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the required standard set out in the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS

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

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Reporting Period containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.fsanthracite.com**) in due course.

APPRECIATION

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

By Order of the Board
Feishang Anthracite Resources Limited
WANG Xinhua
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the executive Directors are Mr. WANG Xinhua, Mr. HE Jianhu, Mr. TAM Cheuk Ho, Mr. WONG Wah On Edward and Mr. YANG Guohua; and the independent non-executive Directors are Mr. CHAN Him Alfred, Ms. LIANG Ying and Mr. WANG Xiufeng.