



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



2025

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Xinhua (*Chairman*)
Mr. HE Jianhu
Mr. TAM Cheuk Ho
Mr. WONG Wah On Edward

Independent Non-executive Directors

Mr. CHAN Him Alfred
Ms. LIANG Ying
Mr. WANG Xiufeng

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

AUDIT COMMITTEE

Mr. CHAN Him Alfred (*Chairman*)
Ms. LIANG Ying
Mr. WANG Xiufeng

NOMINATION COMMITTEE

Mr. TAM Cheuk Ho (*Chairman*)
Mr. CHAN Him Alfred
Ms. LIANG Ying
Mr. WANG Xiufeng

REMUNERATION COMMITTEE

Mr. WONG Wah On Edward (*Chairman*)
Mr. CHAN Him Alfred
Ms. LIANG Ying
Mr. WANG Xinhua
Mr. WANG Xiufeng

ESG COMMITTEE

Mr. WANG Xinhua (*Chairman*)
Mr. LIN Quanlong
Ms. QIN Lu
Mr. WANG Xiufeng

AUDITOR

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

REGISTERED OFFICE

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

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room M07, 7/F, Valiant Industrial Building
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Hong Kong
Telephone: +852 28589860
Facsimile: +852 28106963

COMPANY'S WEBSITE

<http://www.fsanthracite.com>

COMPANY'S STOCK CODE

1738.HK

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

(As to Hong Kong Law)
Loeb & Loeb LLP

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

PRINCIPAL BANKERS

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025

- Revenue from continuing operations decreased by approximately 11.1% to approximately CNY136.6 million for the six months ended 30 June 2025 from approximately CNY153.6 million for the six months ended 30 June 2024
- Gross loss from continuing operations was approximately CNY31.5 million for the six months ended 30 June 2025 compared to the gross profit of approximately CNY1.5 million for the six months ended 30 June 2024
- Loss attributable to owners of the parent from continuing operations increased by approximately 65.9% to approximately CNY237.9 million for the six months ended 30 June 2025 from approximately CNY143.4 million for the six months ended 30 June 2024
- Basic loss per share from continuing operations was approximately CNY0.17

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the “Board”) of directors (the “Directors”) of Feishang Anthracite Resources Limited (the “Company”), I present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Reporting Period”).

BUSINESS REVIEW

During the first half of 2025, the Chinese economy maintained a moderate recovery trajectory and was characterised by strong manufacturing, subdued domestic consumption and persistent headwinds from the real estate sector. External risks and uncertainties, including prolonged geopolitical conflicts, the maintenance of elevated interest rates by the Federal Reserve, and ongoing Sino-US trade friction, continued to constrain economic momentum. The central government intensified expansionary policies – targeted fiscal stimulus, monetary easing, and sector-specific industrial support – with a renewed focus on promoting intensified efforts and expanded coverage of the “Two New Policies” (large-scale equipment upgrades and trade-ins of bulk durable consumer goods) and on stabilising the real estate market through innovative measures such as the “Three Major Projects” (affordable housing, urban renewal, and dual-use infrastructure). Macroeconomic indicators reflected gradual improvement, mainly driven by resilient manufacturing exports and infrastructure investment. In the first half of 2025, China’s gross domestic product (“GDP”) grew at a year-on-year (“YOY”) rate of 5.3%, slightly above expectation.

Within the coal industry, supply-demand dynamics remained subdued. On the supply side, structural constraints – supply-side reforms, low capital expenditures, and stringent safety and environmental regulations – continued to limit output elasticity. Nevertheless, the release of new production capacity sped up, and domestic raw coal production reached 2.4 billion tons in the first half of 2025, with YOY growth accelerating to 5.4% from -1.7% in the corresponding period last year. Regional disparities intensified: Shanxi’s output rebounded by 10.1% YOY after resolving prior operational disruptions, while Inner Mongolia stagnated, with output increasing by 0.7% under green transition. Xinjiang’s capacity expanded and output increased by 12.4% YOY, benefiting from the policy for coal transport from Xinjiang to other regions. Coal imports declined by 11.1% YOY to 222 million tons, a three-year low, as narrowing import price advantages due to domestic price decline, together with stricter quality controls, dampened demand for imported coal. Indonesia remained the dominant supplier, but the decline in coal imports from Indonesia was also the most significant. Overall, coal supply (domestic and imported) increased by 4.4% YOY.

MANAGEMENT DISCUSSION AND ANALYSIS

On the demand side, total electricity consumption in the first half of 2025 grew at a slower rate of 3.7% YOY, while structural shifts also started to reshape coal consumption. Thermal power generation fell by 2.4% YOY, compared to a 1.7% increase in the corresponding period of 2024. Hydropower also fell by 2.9% YOY. Thermal power and hydropower were displaced by new energy sources (wind and solar) whose incremental power supply exceeded the increase in total electricity consumption. Meanwhile, coal inventory at power plants remained high, reducing new procurement demand. Due to the declining real estate market, the steel industry recorded a 3.0% YOY decrease in crude steel output, and building materials faced severe contraction, with cement production decreasing 4.3% YOY to a sixteen-year low. Coal chemical emerged as the sole growth driver of coal demand, thanks to increased strategic importance of the industry and low feedstock costs which boosted profitability.

Under the triple pressure of relatively strong supply, weak demand and high inventory, the price of coal continued to decline and hit a five-year low in the second quarter of 2025. At the end of June, the Q5500 thermal coal price at northern ports fell by 28.5% YOY to CNY619/ton. Prices declined steadily from January to May, followed by a modest rebound through June on seasonal restocking.

For the six months ended 30 June 2025, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY238.1 million. As disclosed in the previous announcements and periodic reports of the Company, the Group faced severe operational challenges stemming from both internal and external factors. Internally, geological complexities of current mining faces, prolonged production suspensions at two major coal mines, the streamlining of mining teams, and delays in excavation work caused intermittent production shutdown, disrupted mining efficiency and severely constrained the Group's production capacity. Externally, the coal market was pressured by ample supply, weak demand, high inventory and a continued decline in market prices, and a substantial portion of the Group's coal products was sold to power plants at regulated price, which further compressed profit margins. Stringent safety and environmental regulations adversely affected production volume adding extra costs. Interest burdens from legacy loans also continued to undermine profitability. These combined pressures led to a plunge in production and sales, higher costs and lower selling prices and triggered a destructive cycle of operational contraction and cash flow deterioration. The above significantly undermined the Group's profitability and liquidity for the six months ended 30 June 2025, highlighting the compounding risks of operational disruptions, market volatility, and regulatory constraints in a challenging industry environment.

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the Update Announcement of the Company dated 7 July 2025, the Group has been taking comprehensive actions to break the negative spiral and improve the profitability and liquidity of the Group, for resolving the disclaimer of opinion expressed by the Company's auditors on the Company's financial statements for the year ended 31 December 2024 in relation to going concern.

SUMMARY OF EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

- During the Reporting Period, total production volume of the Group was approximately 0.52 million tonnes. As at 30 June 2025, the total proved and probable reserve of the four coal mines under Australian Code prepared by the Joint Ore Reserves Committee (the "JORC Code") was approximately 162.77 million tonnes (calculated as if the four coal mines were wholly owned by the Group and adjusted by deducting those reserves extracted by the Group's mining activities from 1 August 2013 to 30 June 2025). For details, please refer to the Summary of Mine Properties as set out on page 55 of this report.

Compliance

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

Risk Management and Internal Control

The Board has overall responsibility for the effective risk management and internal control systems of the Group and is committed to the maintenance of good corporate governance, practices and procedures of the Group. In accordance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Group continuously improves the risk management and internal control systems, and updates a number of policies. The Board believes that these measures will strengthen the risk management and internal control systems of the Group. As far as the Group is aware, there were no fraudulent practices brought to the Group's attention during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue decreased by approximately 11.1% from approximately CNY153.6 million for the six months ended 30 June 2024 to approximately CNY136.6 million for the Reporting Period. The decrease of approximately CNY17.0 million in revenue during the Reporting Period was mainly caused by the drop in the average selling price. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY366.7 per tonne for the six months ended 30 June 2024 to CNY304.1 per tonne for the Reporting Period, representing a decrease of approximately 17.1%, mainly caused by the drop in coal quality of the Group's coal mines and the overall coal market slump in mainland China. The sales volume of self-produced anthracite coal slightly increased from approximately 0.42 million tonnes for the six months ended 30 June 2024 to approximately 0.45 million tonnes for the Reporting Period, representing an increase of approximately 7.2%.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to 43.4% and 52.6% of total revenue for the six months ended 30 June 2024 and the Reporting Period, respectively, increased from approximately CNY66.6 million (0.11 million tonnes sales volume) for the six months ended 30 June 2024 to approximately CNY71.9 million (0.12 million tonnes sales volume) during the Reporting Period. The slight increase in revenue from sales of processed coal was mainly contributed by the increase of 0.01 million tonnes in sales volume. Nevertheless, the average selling price of processed coal fell by 7.0%. The reason for the decrease in the average selling price has been discussed above.

Cost of Sales

The Group's cost of sales increased by approximately 10.5% from approximately CNY152.1 million for the six months ended 30 June 2024 to approximately CNY168.1 million for the Reporting Period. The increase in cost of sales was mainly due to the increase of approximately 7.2% in sales volume of self-produced anthracite coal and an increase in the unit of production cost.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY58.3 million, representing an increase of approximately CNY11.3 million, or approximately 24.2%, as compared with approximately CNY47.0 million for the six months ended 30 June 2024. The increase in labour costs was proportionally higher than the increase in sales volume of self-produced anthracite coal during the Reporting Period. This was mainly because Dayun Coal Mine was not able to achieve economies of scale following the production decline, which in turn led to the increase in labour cost per tonne of coal mining.

Material, fuel and energy costs for the Reporting Period were approximately CNY43.4 million, representing an increase of approximately CNY4.4 million, or approximately 11.0%, as compared with approximately CNY39.0 million for the six months ended 30 June 2024. The increase in material, fuel and energy costs was proportionally higher than the increase in sales volume of self-produced anthracite coal during the Reporting Period because the Group incurred additional repair and maintenance works due to the additional stringent safety supervision measures and the geological complexities of current mine faces.

Depreciation and amortisation for the Reporting Period were approximately CNY39.7 million, representing an increase of approximately CNY4.2 million, or approximately 11.9%, as compared with approximately CNY35.5 million for the six months ended 30 June 2024. The increase in depreciation and amortisation for the Reporting Period was mainly caused by the increase in production volume and the unit construction costs of certain mine faces in Yongsheng Coal Mine depreciated in 2025 higher than those of the prior year.

Taxes and levies for the Reporting Period were approximately CNY6.3 million, representing a decrease of approximately CNY2.1 million, or approximately 25.6%, as compared with approximately CNY8.4 million for the six months ended 30 June 2024. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY12.0 million for the six months ended 30 June 2024 to approximately CNY13.5 million for the Reporting Period. This was mainly due to the increase in production output of Yongsheng Coal Mine, which in turn led to an increase in coal processing volume of the Group's coal beneficiation plant.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	Six months ended 30 June	
	2025	2024
	CNY/tonne	CNY/tonne
Labour costs	129.9	112.2
Materials, fuel and energy	96.5	93.3
Depreciation and amortisation	88.3	84.7
Taxes & levies payable to governments	13.9	20.1
Other production-related costs	15.4	24.4
Total unit cost of sales for coal mining	344.0	334.7

Cost Items for Coal Processing Activities	Six months ended 30 June	
	2025	2024
	CNY/tonne	CNY/tonne
Labour costs	15.0	17.9
Materials, fuel and energy	41.1	34.1
Depreciation	49.1	55.2
Taxes & levies payable to governments	1.9	1.4
Transportation fee	—	0.4
Other coal processing related costs	2.1	3.1
Total unit cost of sales for coal processing	109.2	112.1

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross loss was approximately CNY31.5 million for the Reporting Period, compared to the overall gross profit of approximately CNY1.5 million and the gross margin (equal to gross profit divided by revenue) of approximately 1.0% for the six months ended 30 June 2024. The decrease in overall gross profit and gross margin was mainly caused by the drop in the average selling price and an increase in unit cost of sales as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Reporting Period from Continuing Operations

The loss from continuing operations increased from approximately CNY150.5 million for the six months ended 30 June 2024 to approximately CNY282.1 million for the Reporting period. The increase in loss from continuing operations for the Reporting Period was mainly caused by (i) the increase of approximately CNY111.7 million in impairment losses on property, plant and equipment of Baiping Coal Mine and Liujiaba Coal Mine; (ii) the decrease of approximately CNY33.0 million in gross profit mainly resulting from the drop in average selling price and an increase in unit cost of sales during the Reporting Period; (iii) the decrease of approximately CNY15.8 million in income tax credit mainly due to the decrease in the recognition of deferred income tax benefit; and (iv) the increase of approximately CNY11.8 million in the net other operating expenses mainly due to the additional expense arising from failure to meet the supply quantity agreed upon in the sales contract and the increase in the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines' operations of the Group. The increase in loss was partially offset by (i) the decrease of approximately CNY33.2 million in selling expenses and administrative expenses mainly due to the decrease in staff cost and transportation fee; and (ii) the decrease of approximately CNY7.5 million in finance costs due to the decline in the average interest-bearing bank and other borrowings during the Reporting Period compared with the same period in 2024.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased to approximately CNY237.9 million during the Reporting Period from approximately CNY143.4 million for the six months ended 30 June 2024. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024 and 30 June 2025, the Group had net current liabilities of approximately CNY3,888.9 million and approximately CNY4,046.0 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 2025, the Group had cash and cash equivalents of approximately CNY3.1 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2025, 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 CNY1,655.9 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY20.7 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 Energy Co., Ltd. ("Guizhou Puxin"), Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu"), Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun"), Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal") and Jinsha Baiping Mining Co., Ltd. ("Baiping Mining"), certain trade receivables in Guizhou Dayun, and certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal. As at 30 June 2025, the Group had loans amounting to approximately CNY1,150.2 million with fixed interest rates, out of which CNY1,120.2 million with fixed interest rates ranging from 3.38% to 9.13% per annum. The remaining loans held by the Group as at 30 June 2025 had floating interest rates ranging from 6.775% to 14.6% per annum.

As at 30 June 2025, the Group had overdue interest-bearing bank and other borrowings (including principal and interest) amounting to approximately CNY605.7 million. This might also trigger breaches of certain terms and conditions of other bank and other borrowings. The Group is, as at the date of this announcement, in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. As at the date of this announcement, the relevant banks and creditors have not explicitly refused the Group's requests. In addition, the Group also had outstanding payables of approximately CNY368.7 million (including approximately CNY79.8 million of principal and interest) related to the ongoing litigations and arbitrations. The Group is in the process of negotiating and reaching settlement agreements/ revised settlement agreements with counter-parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets of the Group

As at 31 December 2024 and 30 June 2025, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,506.7 million and approximately CNY1,463.1 million, respectively and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,527.2 million and approximately CNY1,484.1 million, respectively.

As at 31 December 2024 and 30 June 2025, certain mining rights of the Group with carrying amounts of approximately CNY383.0 million and approximately CNY344.1 million, respectively were pledged to secure bank loans with carrying amounts of approximately CNY1,362.8 million and CNY1,319.8 million, respectively.

As at 31 December 2024 and 30 June 2025, 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 CNY570.7 million and approximately CNY519.2 million, respectively.

As at 31 December 2024 and 30 June 2025, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY21.5 million and approximately CNY20.5 million, respectively were pledged to secure the loans with carrying amounts of approximately CNY92.9 million and approximately CNY92.8 million, respectively.

As at 31 December 2024 and 30 June 2025, certain trade receivables (including inter-company trade receivables) owned by the Group with a carrying amount of approximately CNY52.0 million and approximately CNY52.0 million, respectively were pledged to secure a loan with a carrying amount of CNY48.2 million and approximately CNY48.2 million, respectively.

Pledge of Shares by the Controlling Shareholder

As at 30 June 2025, 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.

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 2025, the Group had contractual capital commitments in respect of purchase of materials, machinery and equipment amounting to approximately CNY17.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 30 June 2025, 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 2024 and 30 June 2025, 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 798.3% and negative 1,981.6%, 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 2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 2,475 full time employees (not including 541 workers provided by third party labour agencies) from continuing operations for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY103.1 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2024: approximately CNY96.8 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 sustained commitment to emission peak and carbon neutrality targets, the coal industry continues to face structural constraints including persistently low capital expenditures in new production capacity, extended construction cycles, high development costs, and increasingly stringent safety and environmental regulations. These factors will continue to limit capacity expansion through 2025, though premium production capacity in Xinjiang, Inner Mongolia, and Shaanxi is being unleashed. The policy for securing coal supply also continues to stabilise domestic coal production. In the second half of the year, the decline in coal imports might continue, and even if the trend reverses somewhat, the whole year data is still expected to show a YOY decline due to the notable reduction in coal imports in the first half of the year. Overall coal supply in the second half of 2025 is anticipated to maintain mild growth, contingent on further operational and logistical improvements in key producing provinces like Shanxi and Xinjiang.

MANAGEMENT DISCUSSION AND ANALYSIS

On the demand side, the government's targeted policy mix – including special bond allocations, equipment renewal initiatives, and consumer trade-in programs – will continue to support economic stability. Monetary tools are expected to maintain ample liquidity and lower financing costs. Total electricity consumption should see steady growth, but structural shifts will intensify: thermal power generation is projected to decline further as clean energy penetration deepens, particularly during peak hydropower seasons. The coal chemical industry will remain the primary demand driver, with coal consumption growth sustained by favourable oil-coal spreads and new capacity additions. Overall, structural demand weakness in traditional sectors (power, steel and cement) will persist. The price of coal is expected to fluctuate within a narrow range in the second half of 2025, with seasonal peaks muted by excess supply.

The Group anticipates continued operational challenges in the near future due to: (i) persistent geological complexities affecting production volume and coal quality; (ii) the streamlining of mining teams and delays in excavation work affecting mining efficiency; and (iii) escalating compliance costs from safety and environmental regulations. The Group will continue to adopt an integrated approach to addressing the current operational difficulties, including expanding production output, managing coal quality, advancing mining intelligence, rigorous cost control, preparatory work for high-quality coal seam development, negotiating favourable loan repayment schedules, and considering capital raising exercise and divestiture plan. Despite these efforts, the Group's operations still sustain pressure on profitability through year-end, driven by compressed margins, elevated interest expenses, deteriorated cash flows, and suboptimal economies of scale. The Group's recovery hinges on restoring production volume, addressing liquidity problems, resolving operational inefficiencies and diversifying into premium coal markets to mitigate cyclical risks. However, whether the Group will be able to obtain favourable repayment terms from its lenders/plaintiffs and when the slump in coal prices will reverse are external risks beyond the Group's control. If these factors fail to improve substantially, they will pose a serious threat to the Group's operational continuity, cash flows, profitability and stability.

The Company will also continue to explore new business projects to deliver shareholder returns, particularly leveraging its major shareholder's resources and experience in the new energy sector. Against the dual-carbon backdrop, it will actively pursue opportunities in the energy transition to diversify revenue streams and align with national sustainability goals.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. 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.

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

HE Jianhu

Executive Director

Hong Kong, 29 August 2025

OTHER INFORMATION

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

As at 30 June 2025, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner	15,000,000		
	Long position	Interest held by his controlled corporation	699,029,650	1, 3	
			714,029,650		51.72
Laitan Investments Limited	Long position	Interest held by its controlled corporation	699,029,650	1, 3	50.63
Feishang Group Limited	Long position	Beneficial owner	699,029,650	1, 3	50.63
Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司)	Long position	Person having a security interest in shares	600,000,000	3	43.46
Mr. LI Zongyang	Long position	Interest held by his controlled corporation	133,000,000	2	9.63
Shenzhen Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Investment Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Feishang Heyuan Investments Limited	Long position	Beneficial owner	133,000,000	2	9.63

OTHER INFORMATION

Notes:

1. The 699,029,650 ordinary shares are directly held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie. According to the SFO, both Mr. LI Feilie and Laitan Investments Limited are deemed to have interests in the 699,029,650 ordinary shares held by Feishang Group Limited.
2. Mr. LI Zongyang is Mr. LI Feilie's son. The 133,000,000 ordinary shares are directly held by Feishang Heyuan Investment Limited, which is wholly owned by Shenzhen Qianhai Feishang Investment Co., Ltd., which is in turn wholly owned by Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd., which is in turn wholly owned by Shenzhen Feishang Industry Investment Holding Co., Ltd., which is 99% owned by Mr. LI Zongyang. According to the SFO, Mr. LI Zongyang, Shenzhen Feishang Industry Investment Holding Co., Ltd., Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd. and Shenzhen Qianhai Feishang Investment Co., Ltd. are deemed to have interests in the 133,000,000 ordinary shares held by Feishang Heyuan Investment Limited.
3. Feishang Group Limited has entered into a share charge agreement dated 19 May 2023 whereby it has agreed to pledge 600,000,000 shares of the Company held by it in favour of Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司) ("GPDIC") as security for working capital facilities of up to CNY200,000,000 to be advanced by GPDIC from time to time to Guizhou Puxin, an indirect wholly-owned subsidiary of the Company. With regard to GPDIC, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) GPDIC is owned by three state-owned enterprises, namely, Central Enterprise Rural Industry Investment Fund Co., Ltd.* (中央企業鄉村產業投資基金股份有限公司), Guizhou Modern Logistics Industry (Group) Co., Ltd.* (貴州現代物流產業(集團)有限責任公司) and Guizhou Qiansheng State-owned Capital Operation Co., Ltd.* (貴州省黔晟國有資本運營有限公司); (b) the ultimate beneficial owner of Central Enterprise Rural Industry Investment Fund Co., Ltd.* (中央企業鄉村產業投資基金股份有限公司) is State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會); (c) the ultimate beneficial owner of Guizhou Modern Logistics Industry (Group) Co., Ltd.* (貴州現代物流產業(集團)有限責任公司) and Guizhou Qiansheng State-owned Capital Operation Co., Ltd.* (貴州省黔晟國有資本運營有限公司) is State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou (貴州省人民政府國有資產監督管理委員會); and (d) the above mentioned ultimate beneficial owners are independent of and not connected with any of the connected persons of the Company and any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules.

* For identification purposes only

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

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

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code"), were set out below:

(I) The Company

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

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

China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	10,000	0.81
Mr. TAM Cheuk Ho	Long position	Beneficial owner	7,049	0.57

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

The Directors are not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2024 Annual Report of the Company.

SHARE OPTION SCHEME OF THE COMPANY

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

OTHER INFORMATION

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

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

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

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

As at 30 June 2025, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 138,054,580 Shares available for issue under the Share Option Scheme (representing 10.0% of the existing issued Shares of the Company as at the date of this report).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	4	136,593	153,619
Cost of sales		(168,082)	(152,119)
Gross (loss)/profit		(31,489)	1,500
Selling and distribution expenses		(7,055)	(14,239)
Administrative expenses		(47,542)	(73,576)
Impairment losses on property, plant and equipment		(111,744)	–
Other operating expenses, net		(28,762)	(16,925)
Finance costs	5	(59,671)	(67,196)
Interest income	6	6	56
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(286,257)	(170,380)
Income tax credit	8	4,128	19,922
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(282,129)	(150,458)
DISCONTINUED OPERATION			
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	3	(183)	(210)
LOSS FOR THE PERIOD		(282,312)	(150,668)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(237,916)	(143,382)
From a discontinued operation		(181)	(208)
		(238,097)	(143,590)
Non-controlling interests			
From continuing operations		(44,213)	(7,076)
From a discontinued operation		(2)	(2)
		(44,215)	(7,078)
		(282,312)	(150,668)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	9	(0.17)	(0.10)
– For loss from a discontinued operation	9	*	*
– Net loss per share		(0.17)	(0.10)

* Insignificant

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
LOSS FOR THE PERIOD	(282,312)	(150,668)
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,423	(3,975)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(3,812)	3,531
Other comprehensive income/(loss) for the period, net of tax	611	(444)
TOTAL COMPREHENSIVE LOSS, NET OF TAX	(281,701)	(151,112)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	(237,305)	(143,826)
From a discontinued operation	(181)	(208)
	(237,486)	(144,034)
Non-controlling interests		
From continuing operations	(44,213)	(7,076)
From a discontinued operation	(2)	(2)
	(44,215)	(7,078)
	(281,701)	(151,112)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 CNY'000 (Unaudited)	31 December 2024 CNY'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,352,157	2,493,690
Right-of-use assets	12(a)	196,482	198,819
Rehabilitation fund	13	11,331	14,072
Prepayments and other receivables	16	20,290	22,764
Investments in associates		–	–
Deferred tax assets	8	1,936	1,813
TOTAL NON-CURRENT ASSETS		2,582,196	2,731,158
CURRENT ASSETS			
Inventories	14	61,537	44,527
Trade receivables	15	30,067	5,322
Prepayments and other receivables	16	100,215	78,055
Pledged deposits	17	2,605	1,390
Cash and cash equivalents	17	3,145	4,142
TOTAL CURRENT ASSETS		197,569	133,436
TOTAL ASSETS		2,779,765	2,864,594
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables	18	908,307	872,442
Other payables and accruals	19	1,446,137	1,278,383
Interest-bearing bank and other borrowings	20	1,655,939	1,686,588
Lease liabilities	12(b)	46,723	16,990
Interest payable		86,508	67,758
Income tax payable		56,151	56,430
Mining right payables		43,783	43,783
TOTAL CURRENT LIABILITIES		4,243,548	4,022,374

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 CNY'000 (Unaudited)	31 December 2024 CNY'000 (Audited)
NON-CURRENT LIABILITIES			
Due to related companies	25(b)	254,812	231,387
Due to the Shareholder	25(b)	11,181	11,791
Interest-bearing bank and other borrowings	20	20,725	33,908
Lease liabilities	12(b)	51,069	80,201
Deferred tax liabilities	8	82,012	86,016
Deferred income	21	8,933	10,318
Asset retirement obligations	22	17,476	16,889
TOTAL NON-CURRENT LIABILITIES		446,208	470,510
TOTAL LIABILITIES		4,689,756	4,492,884
EQUITY			
Share capital	23	1,081	1,081
Reserves		(2,060,878)	(1,823,392)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,059,797)	(1,822,311)
NON-CONTROLLING INTERESTS		149,806	194,021
TOTAL EQUITY		(1,909,991)	(1,628,290)
TOTAL LIABILITIES AND EQUITY		2,779,765	2,864,594

He Jianhu
Executive Director

Wong Wah On Edward
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

Attributable to owners of the parent

	Share capital CNY'000 (Note 23)	Share premium account* CNY'000	Safety fund and production maintenance fund* CNY'000	Special reserve* CNY'000	Accumulated losses* CNY'000	Exchange fluctuation reserve* CNY'000	Total CNY'000	Non-controlling interests CNY'000	Total equity CNY'000
At 31 December 2023 (audited)	1,081	204,524	284,440	38,741	(1,815,797)	4,387	(1,282,624)	224,102	(1,058,522)
Loss for the period	-	-	-	-	(143,590)	-	(143,590)	(7,078)	(150,668)
Exchange differences on translation of foreign operations	-	-	-	-	-	(444)	(444)	-	(444)
Total comprehensive loss for the period	-	-	-	-	(143,590)	(444)	(144,034)	(7,078)	(151,112)
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	(9,159)	-	9,159	-	-	-	-
At 30 June 2024 (unaudited)	1,081	204,524	275,281	38,741	(1,950,228)	3,943	(1,426,658)	217,024	(1,209,634)
At 31 December 2024 (audited)	1,081	204,524	262,765	38,741	(2,333,152)	3,730	(1,822,311)	194,021	(1,628,290)
Loss for the period	-	-	-	-	(238,097)	-	(238,097)	(44,215)	(282,312)
Exchange differences on translation of foreign operations	-	-	-	-	-	611	611	-	611
Total comprehensive loss for the period	-	-	-	-	(238,097)	611	(237,486)	(44,215)	(281,701)
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	(9,969)	-	9,969	-	-	-	-
At 30 June 2025 (unaudited)	1,081	204,524	252,796	38,741	(2,561,280)	4,341	(2,059,797)	149,806	(1,909,991)

* These reserve accounts comprise the consolidated negative reserves of CNY2,060.9 million (30 June 2024: consolidated negative reserves of CNY1,427.7 million) as at 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		74,475	167,028
Interest received		6	56
Interest paid		(39,220)	(60,537)
Income tax paid		–	–
Net cash flows from operating activities		35,261	106,547
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(29,545)	(83,636)
Proceeds from disposal of items of property, plant and equipment		–	51
Net cash flows used in investing activities		(29,545)	(83,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		–	419,853
Repayments of interest-bearing bank and other borrowings		(43,833)	(477,548)
Decrease in pledged deposits		–	28,000
Advances from the Shareholder		–	–
Repayments to the Shareholder		(610)	(1,388)
Advances from related companies		41,007	436,132
Repayments to a related company		(1,071)	(393,058)
Principal portion of lease payments		(2,203)	(25,546)
Net cash flows used in financing activities		(6,710)	(13,555)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(994)	9,407
Effect of foreign exchange rate changes, net		(3)	6
Cash and cash equivalents at the beginning of the period		4,142	10,107
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	3,145	19,520

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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 six months ended 30 June 2025 has 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 2024.

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 2025, the Group had net current liabilities of CNY4,046.0 million (31 December 2024: CNY3,888.9 million) and total assets less current liabilities of negative CNY1,463.8 million (31 December 2024: negative CNY1,157.8 million).

Going concern

The Group recorded a loss attributable to the owners of the Company of CNY238.1 million for the Reporting Period, and as at 30 June 2025, the Group had net current liabilities of CNY4,046.0 million and shareholders' deficit of CNY1,910.0 million. In addition, as at 30 June 2025, the Group's total bank and other borrowings amounted to CNY1,676.7 million, out of which CNY1,655.9 million will be due for repayment within the next twelve months, including (1) borrowings (including principal and interest) of CNY605.7 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of CNY74.0 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 30 June 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY368.7 million (including CNY79.8 million of principal and interest) related to the ongoing litigations and arbitrations, which was remained unsettled as at 30 June 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. The above conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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

1.1 Basis of preparation (continued)

Going concern (continued)

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) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus 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; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; and (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise").

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 30 June 2025. Therefore, the interim condensed consolidated financial information of the Group has been prepared on a going concern basis.

Should the Group fail to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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

1.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IAS 21

Lack of Exchangeability

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, amendments did not have any impact on the interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2025, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

2. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

During the six months ended 30 June 2025, revenue derived from sales to the four largest customers individually amounted to 44.8%, 14.1%, 12.7% and 10.5% of the consolidated revenue. During the six months ended 30 June 2024, 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.

3. DISCONTINUED OPERATION

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 six months ended 30 June 2025, 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 six months ended 30 June 2025 and 2024 are presented below:

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Administrative expenses	(183)	(210)
LOSS BEFORE INCOME TAX	(183)	(210)
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	(183)	(210)
Attributable to:		
Owners of the parent	(181)	(208)
Non-controlling interests	(2)	(2)
	(183)	(210)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

3. DISCONTINUED OPERATION (continued)

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

	Six months ended 30 June	
	2025	2024
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Operating activities	(53)	(145)
Financing activities	18	(28)
Net cash outflow	(35)	(173)

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

	Six months ended 30 June	
	2025	2024
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to ordinary equity holders of the parent from a discontinued operation	(181)	(208)
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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. REVENUE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Revenue from contracts with customers	136,593	153,619

(i) Disaggregated revenue information

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Types of goods		
Sale of coal	136,593	153,607
Coal trading	–	12
Total	136,593	153,619
Geographic market		
Chinese Mainland	136,593	153,619
Timing of revenue recognition		
Goods transferred at a point of time	136,593	153,619

(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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. REVENUE FROM CONTINUING OPERATIONS (continued)

(ii) Performance obligations (continued)

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	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Interest on interest-bearing bank and other borrowings	54,094	59,407
Interest on lease liabilities	2,804	3,338
Interest on payables for mining rights	1,073	1,237
Total interest expense	57,971	63,982
Bank charges	1,003	26
Interest on discounted bills	109	2,639
Accretion expenses	588	549
	59,671	67,196

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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	
	2025	2024
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Crediting:		
Interest income on bank deposits	(6)	(56)
Government grant (a)	(4,482)	(5,645)
Charging:		
Cost of inventories sold (b)	125,594	110,762
Sales tax and surcharge	6,494	8,551
Utilisation of the safety fund and production maintenance fund	35,994	32,806
Cost of sales	168,082	152,119
Employee benefit expenses (Note 7)	95,176	92,119
Depreciation, depletion and amortisation:		
– Property, plant and equipment	54,609	43,747
– Right-of-use assets	2,337	3,497
Lease payments not included in the measurement of lease liabilities	31	718
Impairment of financial assets, net	–	4,914
Impairment losses on property, plant and equipment	111,744	
Loss on disposal of property, plant and equipment	–	881

(a) The government grant with a total amount of CNY4.5 million was included in other operating income for the six months ended 30 June 2025 (six months ended 30 June 2024: CNY5.6 million).

(b) Included in the cost of inventories sold was CNY106.0 million for the six months ended 30 June 2025 (six months ended 30 June 2024: CNY94.4 million) relating to employee benefit expenses and depreciation, depletion and amortisation, which are also included in the respective amounts disclosed separately above for each type of expenses.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

7. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Wages, salaries and allowances	93,348	81,591
Contribution to pension plans (a)	1,860	4,217
Housing funds (a)	113	1,090
Welfare and other expenses	7,768	9,873
	103,089	96,771

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

Employee benefits charged to loss before tax from continuing operations are analysed as follows:

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Total employee benefits accrued for the period	103,089	96,771
Less: Amount included in inventories	(7,913)	(4,652)
Amount charged to loss before tax from continuing operations (Note 6)	95,176	92,119

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

8. 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% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%). The Company’s Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation had tax losses during the six months ended 30 June 2025 and 2024. 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 six months ended 30 June 2025 (six months ended 30 June 2024: 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 2025, 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	
	2025	2024
	CNY’000	CNY’000
	(Unaudited)	(Unaudited)
Current – Chinese Mainland	–	–
Deferred – Chinese Mainland	4,128	19,922
	4,128	19,922

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

8. INCOME TAX CREDIT FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Deferred tax assets		
Accrued liabilities and other payables	6,597	5,689
Asset retirement obligations	4,211	4,069
Capitalised pilot run income	7,442	7,860
Tax losses	67,320	56,906
Right-of-use assets	5,303	7,329
Bad debt provision	5,807	5,807
	96,680	87,660
Deferred tax liabilities		
Dismantled assets	(1,054)	(1,058)
Lease liabilities	(2,527)	(4,968)
Depreciation and fair value adjustment of property, plant and equipment	(173,175)	(165,837)
	(176,756)	(171,863)
Net deferred tax liabilities	(80,076)	(84,203)
Classification in the interim condensed consolidated statement of financial position:		
Deferred tax assets	1,936	1,813
Deferred tax liabilities	(82,012)	(86,016)

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

9. 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	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Loss for the period attributable to ordinary equity holders of the parent:		
From continuing operations	(237,916)	(143,382)
From a discontinued operation	(181)	(208)
	(238,097)	(143,590)
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	(0.17)	(0.10)
From a discontinued operation	*	*
	(0.17)	(0.10)

* Insignificant

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the additions of property, plant and equipment (excluding the items transferred from construction in progress) and construction in progress amounted to CNY2.2 million (six months ended 30 June 2024: CNY9.8 million) and CNY22.7 million (six months ended 30 June 2024: CNY72.7 million), respectively.

During the six months ended 30 June 2025, assets with a net book value of nil were disposed of by the Group (six months ended 30 June 2024: CNY1.2 million), resulting in a net gain on disposal of nil (six months ended 30 June 2024: CNY0.9 million).

During the six months ended 30 June 2025, the total depreciation accrued was CNY54.6 million (six months ended 30 June 2024: CNY43.7 million).

As at 30 June 2025, certain mining rights with a carrying amount of CNY344.1 million (31 December 2024: CNY383.0 million) were pledged to secure bank loans with a carrying amount of CNY1,319.8 million (31 December 2024: CNY1,362.8 million) (Note 20).

As at 30 June 2025, certain mining structure, machinery and equipment with a carrying amount of CNY20.5 million (31 December 2024: CNY21.5 million) were pledged to secure bank loans with a carrying amount of CNY92.8 million (31 December 2024: CNY92.9 million) (Note 20).

As at 30 June 2025, certain buildings with a carrying amount totalling CNY108.3 million (31 December 2024: CNY108.9 million) were without title certificates.

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 amounts of the CGUs, which were based predominately on value in use.

Due to continual operating losses in certain coal mines during the Reporting Period, the Company performed impairment assessments, impairment losses for property, plant and equipment of Liujiaba Coal Mine and Baiping Coal Mine amounting to CNY111.7 million (six months ended 30 June 2024: Nil) were recognised after considering the recoverable amount. The recoverable amount of such CGU was CNY501.2 million as at 30 June 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

12. LEASES

(a) Right-of-use assets

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

	Leasehold land CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total CNY'000
As at 1 January 2024	73,329	193,161	2,608	269,098
Additions	578	1,966	–	2,544
Depreciation charge	(193)	(6,926)	(731)	(7,850)
Reclassified to property, plant and equipment	–	(39,068)	–	(39,068)
Impairment	–	(25,905)	–	(25,905)
As at 31 December 2024 and 1 January 2025	73,714	123,228	1,877	198,819
Additions	–	–	–	–
Depreciation charge	(295)	(1,786)	(256)	(2,337)
As at 30 June 2025	73,419	121,442	1,621	196,482

(b) Lease liabilities

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Carrying amount at the beginning of period/year	97,191	132,069
New leases	–	1,966
Accretion expense	2,804	6,149
Payments	(2,203)	(42,993)
Carrying amount at the end of period/year	97,792	97,191
Analysed into:		
Current portion	46,723	16,990
Non-current portion	51,069	80,201

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

13. REHABILITATION FUND

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

14. INVENTORIES

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Spare parts and consumables	30,126	29,679
Coal	33,221	16,658
Less: Provision for impairment	(1,810)	(1,810)
	61,537	44,527

15. TRADE RECEIVABLES

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Trade receivables	85,471	60,726
Less: Loss allowance for impairment of trade receivables	(55,404)	(55,404)
	30,067	5,322

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 CNY52.0 million (31 December 2024: CNY52.0 million) were pledged as security for a short-term loan of CNY48.2 million (31 December 2024: CNY48.2 million) as at 30 June 2025 (Note 20).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

15. TRADE RECEIVABLES (continued)

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 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Within 3 months	24,422	616
3 to 6 months	360	584
6 to 12 months	4,215	3,258
Over 12 months	1,070	864
	30,067	5,322

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
At the beginning of the period/year	55,404	53,236
Impairment loss recognised	–	2,168
At the end of the period/year	55,404	55,404

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

16. PREPAYMENTS AND OTHER RECEIVABLES

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Current:		
Prepayments for purchase of spare parts and consumables	13,569	5,540
Deposits	18,469	15,096
Advances to staff	10,520	7,536
Withheld social security	37,344	37,039
Value-added tax recoverable	19,158	10,542
Prepaid transportation fee	2,612	2,658
Prepayments for coals for trading purposes	5,214	5,214
Others	11,126	12,227
Less: Provision for impairment	(17,797)	(17,797)
	100,215	78,055
Non-current:		
Prepayments for construction-related work	11,564	12,810
Prepayments for equipment purchases	11,401	12,629
Prepayments for mining plan design	467	467
Others	891	891
Less: Provision for impairment	(4,033)	(4,033)
	20,290	22,764
	120,505	100,819

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

16. PREPAYMENTS AND OTHER RECEIVABLES (continued)

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Current:		
At the beginning of the period/year	17,797	14,848
Impairment losses recognised	–	2,949
Sub-total	17,797	17,797
Non-current:		
At the beginning of the period/year	4,033	3,513
Impairment loss recognised	–	520
Sub-total	4,033	4,033
At the end of the period/year	21,830	21,830

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Pledged deposits (i):		
Restricted bank deposits	2,605	1,390
Cash and cash equivalents	3,145	4,142
	5,750	5,532

(i) Pledged deposits mainly include restricted bank deposits frozen due to lawsuits of CNY2.6 million (31 December 2024: CNY1.4 million) as at 30 June 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

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

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
CNY	5,693	5,354
Hong Kong dollar	57	178
	5,750	5,532

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

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

18. TRADE PAYABLES

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Trade payables (a)	908,307	872,442

(a) Included in trade payables was CNY557.1 million (31 December 2024: CNY563.9 million) due to construction-related contractors as at 30 June 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

18. TRADE PAYABLES (continued)

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Within one year	218,419	243,372
One to two years	294,004	374,491
More than two years	395,884	254,579
	908,307	872,442

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.

19. OTHER PAYABLES AND ACCRUALS

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Deposits from contractors	268,794	256,770
Social security payable (a)	126,750	110,706
Payroll payable	97,180	86,965
Contract liabilities (b)	517,240	501,215
Other taxes payable	131,963	124,917
Professional fee	5,063	4,754
Payables for emergency rescue of the coal mine	5,243	5,243
Geological hazard compensation	10,220	9,348
Others	283,684	178,465
	1,446,137	1,278,383

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

19. OTHER PAYABLES AND ACCRUALS (continued)

- (a) The social security payable consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the Group's employees.
- (b) Contract liabilities include short-term advances received to deliver coal. In May 2023, Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin") signed a contract for sales of coal with Guizhou Province Development Investment Company Limited * (貴州省物資開發投資有限責任公司) and received the prepayment for coal amounting to CNY200,000,000 according to the contract terms. Feishang Group Limited pledged 600,000,000 ordinary shares of the Company held by it to secure the delivery of coal mentioned in the contract. Besides, Mr. Li Feilie, Ms. Wang Jing (the spouse of Mr. Li Feilie), the Company, the Group's subsidiaries including Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu"), Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun"), Jinsha Baiping Mining Co., Ltd. ("Baiping Mining") and Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal"), the Group's related parties including Feishang Enterprise and Guizhou Feishang Energy Co., Ltd.* (貴州飛尚能源有限公司) and the independent third party including Guizhou Credit Promotion Co., Ltd.* (貴州省信用增進有限公司) also provided guarantees for the delivery of coal.

* For identification purposes only

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

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Current		
Bank and other borrowings — guaranteed	158,255	158,955
Bank and other borrowings — secured	48,150	48,150
Bank and other borrowings — secured and guaranteed	1,244,000	1,286,879
Current portion of long-term bank and other borrowings — secured and guaranteed	201,268	188,813
Current portion of long term bank and other borrowings – secured	2,168	1,643
Current portion of long-term bank and other borrowings — guaranteed	2,098	2,148
	1,655,939	1,686,588
Non-current		
Bank and other borrowings — secured and guaranteed	20,725	33,280
Bank and other borrowings — secured	—	628
	20,725	33,908
	1,676,664	1,720,496

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

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 CNY344.1 million (31 December 2024: CNY383.0 million) as at 30 June 2025 (Note 11);
- (2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun, Baiping Mining, Xinsong Coal and Guizhou Yongfu as at 30 June 2025 and as at 31 December 2024;
- (3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of CNY52.0 million (31 December 2024: CNY52.0 million) as at 30 June 2025 (Note 15);
- (4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun, Baiping Mining, and Xinsong Coal with a carrying amount of CNY20.5 million (31 December 2024: CNY21.5 million) as at 30 June 2025 (Note 11); and
- (5) the Group had not repaid an aggregate amount of CNY605.7 million for certain interest-bearing bank and other borrowings (including principal and interest) according to their repayment schedules. Borrowings of CNY74.0 million with original maturity of more than twelve months have been reclassified as current liabilities as at 30 June 2025 because of the breach of loan covenants. The Group is still in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. The Group also has several litigations in which the Group has been reaching settlement agreements and revising settlement agreements.

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,463.1 million (31 December 2024: CNY1,506.7 million) as at 30 June 2025. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,484.1 million (31 December 2024: CNY1,527.2 million) as at 30 June 2025.

All borrowings are denominated in CNY.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

21. DEFERRED INCOME

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
At the beginning of period/year	10,318	12,903
Amortised during the period/year	(1,385)	(2,585)
At the end of period/year	8,933	10,318

22. ASSET RETIREMENT OBLIGATIONS

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

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

	Amount CNY'000
At 1 January 2024	15,790
Accretion expenses	1,099
At 31 December 2024 (audited) and 1 January 2025	16,889
Accretion expenses	587
At 30 June 2025 (unaudited)	17,476

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

23. SHARE CAPITAL

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.001 each (31 December 2024: 100,000,000,000 ordinary shares of HK\$0.001 each)	79,960	79,960
Issued and fully paid:		
1,380,545,800 ordinary shares of HK\$0.001 each (31 December 2024: 1,380,545,800 ordinary shares of HK\$0.001 each)	1,081	1,081

24. COMMITMENTS

Capital commitments

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

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	17,163	10,920
– Capital contribution to associates	11,600	11,600
	28,763	22,520

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

25. RELATED PARTY TRANSACTIONS

- (a) In addition to the guarantees provided by related parties detailed in note 20 to the interim condensed consolidated financial information, the Group had the following transactions with related parties during the year:

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Payment of share of office rental, rates and others to Anka Consultants Limited ("Anka") (i)/(ii)	303	311
Payment of share of office rental to Feishang Enterprise (i)/(iii)	51	82

- (i) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) On 1 July 2025, the Company signed a new office sharing agreement with Anka, a Hong Kong private company that is owned by certain directors, covering a period from 1 July 2025 to 15 June 2028. Pursuant to the agreement, 1,188.8 square feet out of the total area of the office premises were used by the Company. The agreement also provided that the Company shared certain costs and expenses associated with the use of the office on an actual basis, based on the proportion of floor area.
- (iii) On 31 March 2025, Shenzhen Chixin Information and Consulting Co., Ltd. ("Shenzhen Chixin"), a wholly-owned subsidiary of the Group, entered into a new office sharing leasing agreement with Feishang Enterprise for one year, from 1 April 2025 to 31 March 2026. Pursuant to the agreement, the office premises of 20 square metres were shared by the Company.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

25. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

The Group's payables with related parties, all of which have no fixed terms of repayment, are unsecured and non-interest-bearing, are summarised as follows:

	At 30 June 2025 CNY'000 (Unaudited)	At 31 December 2024 CNY'000 (Audited)
Payables to the Shareholder:		
Feishang Group Limited	11,181	11,791
	11,181	11,791
Payables to related companies:		
Feishang Enterprise (i)	245,602	223,214
Anka Capital Limited (ii)	9,210	8,173
	254,812	231,387

(i) During the six months ended 30 June 2025, the Group received advances from Feishang Enterprise of CNY39.7 million (six months ended 30 June 2024: CNY431.2 million) and made repayments to Feishang Enterprise of CNY1.1 million (six months ended 30 June 2024: CNY393.1 million).

(ii) During the six months ended 30 June 2025, the Group received advances from Anka Capital Limited of CNY1.3 million (six months ended 30 June 2024: CNY4.9 million).

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2025 CNY'000 (Unaudited)	2024 CNY'000 (Unaudited)
Wages, salaries and allowances	1,293	1,700
Contribution to pension plans	15	12
Housing funds	55	62
Welfare and other expenses	10	8
	1,373	1,782

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

Assets measured at fair value

As at 30 June 2025 and 31 December 2024, there was no financial instruments measured at fair value.

27. EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Group has no significant subsequent events required to be disclosed.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 29 August 2025.

SUMMARY OF MINE PROPERTIES

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

Mine	Commercial Production				Discontinued Operation
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujibaba Coal Mine (Note 2)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	n/a
Reserve data (as of 31 July 2013) (Note 3)					
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	n/a
Total proved and probable reserve (million tonnes)	22.48	51.96	97.29	13.60	n/a
Reserve data (as of 30 June 2025) (Note 4)					
Proved reserve (million tonnes)	–	–	6.41	–	n/a
Probable reserve (million tonnes)	18.87	43.06	84.79	9.64	n/a
Total proved and probable reserve (million tonnes)	18.87	43.06	91.20	9.64	n/a
Capital expenditure for the six months ended 30 June 2025 (CNY in millions)	0.8	14.8	2.8	10.7	n/a

SUMMARY OF MINE PROPERTIES

Notes:

- (1) The Group has closed down Gouchang Coal Mine in accordance with relevant Guizhou province's coal mine consolidation policy. The credit of the coal resource and reserve of Gouchang Coal Mine has been utilised by Baiping Coal Mine in 2023.
- (2) On 26 January 2015, the first batch of the restructuring proposal has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the restructuring proposal, the Group would integrate Zhulinzhai Coal Mine and Liujiaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaba Coal Mine. On 4 December 2020, Guizhou Puxin received an amended new mining right permit of Liujiaba Coal Mine. According to the new mining right permit, the mining area of Liujiaba Coal Mine has been adjusted to facilitate better urban and regional planning as disclosed in the Business Update Announcement of the Company dated 8 December 2020.
- (3) The reserve data as of 31 July 2013 is extracted from competent person's report dated 7 December 2013 prepared by Behre Dolbear Asia, Inc. under the JORC Code.
- (4) The reserve data as of 30 June 2025 has been substantiated by the Group's internal expert by adjusting those reserves extracted by the Group's mining activities from August 2013 to June 2025 from the proved reserve figure as of 31 July 2013. All assumptions and technical parameters set out in the competent person's report as shown in the listing document of the Company dated 31 December 2013 have not been materially changed and are continued to apply to the reserve data as of 30 June 2025 (except that of Gouchang Coal Mine).
- (5) There was no exploration activity for the Group during the Reporting Period.