



# FEISHANG

## Feishang Anthracite Resources Limited



*(Incorporated in the British Virgin Islands with limited liability)*

Stock Code : 1738



2015  
INTERIM  
REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. LI Feilie (*Chairman and Chief Executive Officer*)  
Mr. HAN Weibing  
Mr. WAN Huojin  
Mr. TAM Cheuk Ho  
Mr. WONG Wah On Edward  
Mr. YUE Ming Wai Bonaventure

### Independent Non-executive Directors

Mr. LO Kin Cheung  
Mr. HUANG Zuye  
Mr. HUANG Songzhong

## AUTHORISED REPRESENTATIVES

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

## COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

## AUDIT COMMITTEE

Mr. LO Kin Cheung (*Chairman*)  
Mr. HUANG Zuye  
Mr. HUANG Songzhong

## NOMINATION COMMITTEE

Mr. HUANG Zuye (*Chairman*)  
Mr. LO Kin Cheung  
Mr. HUANG Songzhong  
Mr. LI Feilie  
Mr. TAM Cheuk Ho

## REMUNERATION COMMITTEE

Mr. HUANG Songzhong (*Chairman*)  
Mr. HUANG Zuye  
Mr. LO Kin Cheung  
Mr. LI Feilie  
Mr. HAN Weibing

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. HUANG Songzhong (*Chairman*)  
Mr. WAN Huojin  
Mr. HAN Weibing

## AUDITORS

Ernst & Young  
Certified Public Accountants  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## REGISTERED OFFICE

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

## HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2205, Shun Tak Centre  
200 Connaught Road Central  
Sheung Wan  
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  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **LEGAL ADVISERS**

*(As to Hong Kong Law)*  
Minter Ellison

*(As to PRC Law)*  
Commerce & Finance Law Offices

*(As to British Virgin Islands Law)*  
Maples and Calder

## **COMPLIANCE ADVISER**

Celestial Capital Limited  
21/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

## **PRINCIPAL BANKERS**

China Minsheng Banking Corp., Ltd.  
China Merchants Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited

# FINANCIAL HIGHLIGHTS

## For the six months ended 30 June 2015

- Revenue down 40.5% to CNY103.1 million
- Gross profit down 83.9% to CNY7.9 million
- Loss attributable to the owners of the Company from continuing operations up 213.4% to CNY388.1 million
- Basic loss per share from continuing operations was CNY0.28

# 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 interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 (the “Reporting Period”).

## BUSINESS REVIEW

In the first half of 2015, the economic recession in China deepened. According to the National Bureau of Statistics of China, the year-on-year GDP growth rate in the first half of 2015 was 7.0%, representing a 0.4 percentage point decrease from the same period of last year. The macroeconomic slowdown as well as other factors such as increasing effort to adjust the national energy composition and a warm winter all contributed to a sluggish coal demand from downstream industries and a further deterioration in the coal sector. The severe condition of oversupply in the coal market and the trend of deep industry adjustment continued, resulting in continuous and substantial price drop throughout the first half of the year. As of 30 June 2015, the Bohai-Rim Steam-Coal Price Index (BSPI) dropped to CNY418 per tonne from CNY525 per tonne at the end of 2014, representing a 20.4% decline. The total domestic coal output and consumption experienced a year-on-year decrease, and coal import also decreased significantly. Thermal power generation experienced a year-on-year decrease, while its hydropower counterpart increased considerably. The overall coal industry in China suffered from a combination of decreased sales volume and descending prices and thereby a substantial fall in profit levels and an expanding scale of loss.

The hostile external environment as well as some undesirable mine conditions put the Group into a position with a sharp decline on gross profit for the Reporting Period. The Group incurred an impairment loss on property, plant and equipment in connection with the suspension of the operations at its Gouchang Coal Mine. The Group has planned to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou province’s coal mine consolidation policy. In addition, an impairment loss for Liujiaba, Zhulinzhai and Dayuan coal mines has been provided due to (i) the temporary suspension as required by the local regulatory authorities to carry out rectification or improvement of certain safety deficiencies so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions (including merger & restructuring of coal mines under the Guizhou Government’s coal mine consolidation policy); and (ii) the current descending coal prices and weak coal industry in China.

In response to the deep adjustment of the coal industry and the corresponding weak performance of the Coal Segment of the Group, the Group has proactively sought to diversify its business and mitigate industry volatility risk by entering into the digital terrestrial TV broadcasting industry. On 30 June 2015, the Company entered into a sale and purchase agreement with Mr. Liao Jun, Guilin City Ceke Communication Equipment Co., Ltd. (“Guilin Ceke”) and Hongkong Madia Investment Manage Co., Ltd. (“Hongkong Madia”), pursuant to which the Company acquired the entire issued share capital and shareholders’ loans of Hongkong Madia from Mr. Liao Jun and Guilin Ceke at a consideration of US\$6,500,000 payable upon the satisfaction of various conditions subsequent including the completion of restructuring of Hongkong Madia by 31 December 2015. As the conditions subsequent have not been satisfied, no payment of the consideration has been made so far. Immediately after the execution of the above sale and purchase agreement, Hongkong Madia has become a wholly-owned subsidiary of the Company. The Company believes that although Hongkong Madia and its overseas subsidiaries are still in their early stage of development, the digital TV broadcasting industry in developing countries has vast market potential and holds a promising future. This transaction will allow the Group to benefit from diversification, develop another income stream and increase the long term commercial value of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

- There was no exploration activity for the Group during the Reporting Period.
- For the details of capital expenditure in connection with mining activities, please refer to the Summary of Mine Properties as set out on page 55 of this report.
- In June 2015, Dayun Coal Mine obtained the Safe Production Permit issued by Guizhou Administration of Coal Mine Safety and commenced commercial production in July 2015.
- As at 30 June 2015, the total proved and probable reserve of the seven coal mines under Australian Code prepared by the Joint Ore Reserves Committee (the “JORC Code”) was 200.24 million tonnes (calculated as if all the coal mines (excluding Gouchang Coal Mine) 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 2015). For details, please refer to the Summary of Mine Properties as set out on page 55 of this report.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue decreased by 40.5% from CNY173.3 million for the six months ended 30 June 2014 to CNY103.1 million for the Reporting Period. The decline in revenue was due to a decrease in sales volume and a drop in average selling price of anthracite coal during the Reporting Period. The decrease in the sales volume from 631,075 tonnes for the six months ended 30 June 2014 to 552,001 tonnes for the Reporting Period, representing a drop of 12.5%, was mainly due to the temporary suspension in Liujiaba, Zhulinzhai and Dayuan Coal Mines, notwithstanding an increase of sales volume contributed by Yongsheng Coal Mine. In addition, the average selling price of anthracite coal dropped from CNY274.7 per tonne for the six months ended 30 June 2014 to CNY186.8 per tonne for the Reporting Period due to the downward pressure on the domestic economy and the coal market in China.

### Cost of Sales

The Group’s cost of sales decreased by 23.5% from CNY124.5 million for the six months ended 30 June 2014 to CNY95.3 million for the Reporting Period. This was primarily due to the decline in sales volume.

Labour costs for the Reporting Period was CNY34.2 million, representing a decrease of CNY19.0 million, or approximately 35.8%, as compared with CNY53.2 million for the six months ended 30 June 2014. The decrease in labour costs was higher than the decrease in the sales volume of the Group’s anthracite products for the Reporting Period because of the stringent cost control implemented as well as the economies of scale of the larger mine operation.

Material, fuel and energy costs for the Reporting Period were CNY11.3 million, a decrease of CNY13.8 million or approximately 54.8% as compared with CNY25.1 million for the six months ended 30 June 2014. The decrease in material, fuel and energy costs was higher than the decrease in the sales volume of the Group’s anthracite products for the Reporting Period as the production of Baiping Coal Mine was shifted from blasting method to mechanized mining method and the Group’s mine operation was beginning to realise economies of scale of the larger mine operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and amortisation for the Reporting Period were CNY41.3 million, representing an increase of CNY10.8 million, or approximately 35.3%, as compared with CNY30.5 million for the six months ended 30 June 2014. The increase in depreciation and amortisation for the Reporting Period was caused by the larger depreciable base arising from the transfer of construction in progress to property, plant and equipment following the commercial run of Yongsheng Coal Mine, as well as its increase in production volume.

Sales tax and levies for the Reporting Period were approximately CNY6.7 million, a decrease of CNY6.9 million or approximately 50.6% as compared with CNY13.6 million for the six months ended 30 June 2014. The decrease in sales tax and levies was higher than the decrease in the sales volume of the Group's anthracite products for the Reporting Period as the Coal Price Adjustment Fund Management Committee of Guizhou Province reduced the price adjustment fund in Guizhou by CNY10 per tonne followed by the circular jointly promulgated by the Ministry of Finance and the National Development and Reform Commission of the PRC to cease the price adjustment fund since 1 December 2014.

### *Breakdown of the Group's Unit Cost of Sales*

Cost Items for Mining Activities	Six months ended 30 June	
	2015 CNY/tonne	2014 CNY/tonne
Labour costs	61.9	84.3
Raw materials, fuel and energy	20.6	39.8
Depreciation and amortisation	74.8	48.4
Taxes & levies payable to governments	12.2	21.6
Other production-related costs	3.2	3.2
Total unit cost of sales for coal production	172.7	197.3

### **Gross Profit and Gross Margin**

As a result of the foregoing, the gross profit decreased by 83.9% from CNY48.8 million for the six months ended 30 June 2014 to CNY7.9 million for the Reporting Period. The gross margin decreased from 28.2% for the six months ended 30 June 2014 to 7.6% for the Reporting Period. This was mainly due to the low coal price as a result of the current sluggish coal market.

### **Impairment Loss on Property, Plant and Equipment**

The Group incurred an impairment loss on property, plant and equipment of CNY66.4 million for the six months ended 30 June 2014 in connection with the temporary suspension of Dayuan Coal Mine, and CNY383.6 million for the Reporting Period in connection with the decline in coal price and the temporary suspension of Liujiaba, Zhulinzhai and Dayuan Coal Mines. In addition, an impairment loss of CNY21.6 million was recognised in the discontinued operations of Gouchang Coal Mine.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss Attributable to the Owners of the Company from Continuing Operations

The loss attributable to the owners of the Company from continuing operations for the Reporting Period was CNY388.1 million, a rise of CNY264.3 million from the loss of CNY123.8 million for the six months ended 30 June 2014. This was mainly caused by (i) the CNY317.2 million increase in impairment loss of coal mines from CNY66.4 million of Dayuan Coal Mine to CNY383.6 million of Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine for the Reporting Period; and (ii) the decrease of CNY40.9 million in gross profit resulting from the decrease in sales volume and the drop in average selling price; notwithstanding an increase of CNY73.0 million in income tax benefit mainly due to an increase of impairment loss on property, plant and equipment and a decrease of CNY10.8 million in finance cost due to the repayment of bank and other borrowings during the Reporting Period.

## FINANCIAL RESOURCES REVIEW

### Liquidity, Financial Resources and Capital Structure

As at 31 December 2014 and 30 June 2015, the Group had net current liabilities of CNY1,026.6 million and CNY630.5 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged in 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 may consider equity financing, if required.

As at 30 June 2015, the Group had cash and cash equivalents of approximately CNY73.3 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2015, 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 CNY509.6 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY711.6 million. Certain of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie (the chairman and chief executive officer of the Company) and/or companies controlled by him and certain of the Group's bank borrowings are secured by pledges of the mining rights, equity interests in Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin") and Guizhou Dayun Mining Co., Ltd. and trade receivables in Guizhou Puxin. As at 30 June 2015, loan amounting to CNY388.2 million carried interest at fixed rate ranging from 5.75% to 10.00% per annum. The remaining loans carried interest at floating rate ranging from 5.50% to 8.67% per annum.

### Pledge of Assets of the Group

As at 31 December 2014 and 30 June 2015, certain mining rights with carrying amounts of CNY984.5 million and CNY721.2 million, respectively were pledged to secure bank loans with carrying amounts of CNY718.8 million and CNY685.5 million, respectively.

As at 31 December 2014 and 30 June 2015, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were CNY989.0 million and CNY708.5 million, respectively and the amount of outstanding bank borrowings that were guaranteed by fellow companies controlled by Mr. LI Feilie were CNY1,274.0 million and CNY893.5 million, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Commitments

As at 30 June 2015, the Group had contractual capital commitments in respect of coal mines mainly for construction of new tunnels and purchase of machinery and equipment amounting to CNY24.2 million.

## Contingent Liabilities

As at 30 June 2015, 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 2014 and 30 June 2015, the gearing ratio (which is calculated by dividing total interest-bearing – debt by total capital at the end of the year/period and multiplying by 100%) was 92.5% and 126.7%, respectively. The gearing ratio increased in 2015 as the Group incurred an impairment loss on property, plant and equipment.

## INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2014: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed approximately 287 full time employees (not including 960 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) amounted to CNY58.3 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2014: CNY61.2 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.

## SUBSEQUENT EVENTS

On 10 July 2015, Guizhou Puxin drew down the remaining loan facility amounting CNY30.0 million out of the total CNY60.0 million one-year bank loans from Bank of China. The purpose of the loan is to finance the purchase of coal. The loan bears a floating annual interest rate equal to 20% above the one-year base lending rate stipulated by the People's Bank of China (4.85% per annum, resulting in an annual interest rate of 5.82% per annum).

On 21 July 2015, Guizhou Puxin received a CNY17.1 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business, to be repaid on 20 October 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY20.2 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 18 August 2015, Guizhou Puxin received a CNY2.2 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business, to be repaid on 17 November 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY2.6 million.

### PROSPECTS

Downward pressure on the national macro economy, call for environmental protection and overcapacity mean that the coal industry in China is not expected to enjoy a fundamental recovery in the short to medium run. The transformation and consolidation of the coal industry and the associated elimination of inefficient coal enterprises will be a long and painful process. The Group will continue to concentrate on operational efficiency and cost control.

Besides, now with two business segments, the Group will be able to take advantage of diversification, develop a potential new income stream and mitigate industry volatility risk. The Group is positive about the prospects of digital TV broadcasting industry in developing countries and the development potential of Hongkong Madia and its overseas operations. The Group is committed to taking its two business segments further and providing its shareholders with promising returns.

### AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (the “Listing Rules”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HUANG Songzhong. 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 unaudited condensed financial statements for the Reporting Period.

The interim condensed financial statements of the Group for the Reporting Period have not been audited, but have been reviewed by the Company’s auditors, Ernst & Young, in accordance with Hong Kong Standards on Review Engagements 2410.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all the staff for their devoted efforts and hard work.

By Order of the Board

**Feishang Anthracite Resources Limited**

**LI Feilie**

*Chairman and Chief Executive Officer*

Hong Kong, 31 August 2015

## OTHER INFORMATION

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

As at 30 June 2015, 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 Hong Kong 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 (%)
Laitan Investments Limited	Long position	Interest held by its controlled corporation	724,029,650	1	52.44
Feishang Group Limited	Long position	Beneficial owner	724,029,650	1	52.44
Mr. KWAN Pak Hoo Bankee	Long position	Interest held by his controlled corporation	125,000,000	2	9.05
Poly Shine Investment Limited	Long position	Beneficial owner	125,000,000	2	9.05

*Notes:*

- The 724,029,650 ordinary shares were 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 724,029,650 ordinary shares held by Feishang Group Limited. Mr. LI Feilie's interests in shares are disclosed in this report in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- Mr. KWAN Pak Hoo Bankee is the sole director and sole shareholder of Poly Shine Investment Limited. According to the SFO, Mr. KWAN Pak Hoo Bankee is deemed to have interests in the 125,000,000 ordinary shares held by Poly Shine Investment Limited.

Save as disclosed above, as at 30 June 2015, 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 Hong Kong 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 2015, 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

#### (I) The Company

Name of Director	Long/short position	Capacity	Number of shares	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner	15,000,000		
	Long position	Interest held by his controlled corporations	724,029,650	1	
			739,029,650		53.53
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

#### Note:

- The 724,029,650 ordinary shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie.

## OTHER INFORMATION

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

#### (i) China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner	300,000		
	Long position	Interest held by his controlled corporations	14,480,593	1	
			14,780,593		59.33
Mr. WONG Wah On Edward	Long position	Beneficial owner	400,000		1.60
Mr. TAM Cheuk Ho	Long position	Beneficial owner	281,926		1.13

#### Note:

- The 14,480,593 common shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which was in turn wholly owned by Mr. LI Feilie.

#### (ii) Laitan Investments Limited

Name of Director	Long/short position	Capacity	Number of shares	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial owner		3	100

#### (iii) Feishang Group Limited

Name of Director	Long/short position	Capacity	Number of share	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Interest held by his controlled corporation	1	1	100

#### Note:

- The one ordinary share was held by Laitan Investments Limited, which is wholly owned by Mr. LI Feilie.

Save as disclosed above, as at 30 June 2015, 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 Hong Kong 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 in the register referred to therein, or as otherwise notified to the Company and the Hong Kong 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 Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules, save and except for code provisions A.2.1 and E.1.2, as set out below.

#### Chairman and Chief Executive

Mr. LI Feilie is the chairman and chief executive officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision of the CG Code with Mr. LI Feilie being the chairman and chief executive officer of the Company concurrently. The Board considers this arrangement is appropriate as it allows for efficient discharge of the executive functions of the chief executive officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management. The Board is therefore of the view that there are adequate balance and safeguards in place.

#### Attendance of Chairman of Board at General Meeting

Code provision E.1.2 stipulates the chairman of the board should attend the annual general meeting. Mr. LI Feilie, chairman of the Board, did not attend the annual general meeting of the Company held on 29 May 2015 due to schedule conflict. Mr. HAN Weibing was elected by the Directors to chair the annual general meeting.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

### 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.

## OTHER INFORMATION

### DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updated Directors' information are as follows:–

Mr. YUE Ming Wai Bonaventure was appointed as the executive Director of the Company on 29 May 2015.

Save as disclosed above, the Directors are not aware of other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2014 Annual Report of the Company.

### SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 23 December 2013 (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, 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 Hong Kong 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.

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 is not permitted to exceed 10% of the Shares in issue on the Date of Adoption (the "Scheme Mandate Limit"), unless approved by the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval to renew the Scheme Mandate Limit. 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.



## OTHER INFORMATION

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 Hong Kong Stock Exchange's daily quotations sheet on the offer date, (ii) the average closing prices of the Shares as stated in the Hong Kong 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 2015, no options were granted or agreed to be granted since the Date of Adoption. As at the date of this report, a total of 124,554,580 Shares (being the subdivided number of shares of 12,455,458 shares, which represented 10% of the issued share capital of the Company as of the Date of Adoption) may be issued upon exercise of all options which may be granted under the Share Option Scheme. For details of the subdivision of shares of the Company, please refer to note 25 of the Notes to the Interim Financial Information of this report.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015



Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

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## To the board of directors of Feishang Anthracite Resources Limited

(Incorporated in the British Virgin Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 18 to 54, which comprise the condensed consolidated statement of financial position of Feishang Anthracite Resources Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2015 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the interim financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young  
*Certified Public Accountants*  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong  
31 August 2015

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
<b>CONTINUING OPERATIONS</b>			
Revenue	5	<b>103,136</b>	173,339
Cost of sales		<b>(95,265)</b>	(124,523)
Gross profit		<b>7,871</b>	48,816
Selling and distribution expenses		<b>(3,470)</b>	(4,185)
Administrative expenses		<b>(40,023)</b>	(43,443)
Write-down of inventories to net realisable value		<b>(1,258)</b>	–
Impairment loss on property, plant and equipment		<b>(383,615)</b>	(66,397)
Other operating expenses		<b>(833)</b>	(7)
<b>OPERATING LOSS</b>		<b>(421,328)</b>	(65,216)
Finance costs	6	<b>(64,029)</b>	(74,795)
Interest income		<b>437</b>	144
Non-operating expenses, net	7	<b>(761)</b>	(195)
<b>LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	8	<b>(485,681)</b>	(140,062)
Income tax benefit	10	<b>90,099</b>	17,069
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(395,582)</b>	(122,993)
<b>DISCONTINUED OPERATIONS</b>			
<b>LOSS BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS</b>		<b>(27,911)</b>	(1,219)
Income tax benefit/(expense) from discontinued operations		<b>2,096</b>	(326)
<b>LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>		<b>(25,815)</b>	(1,545)
<b>LOSS FOR THE PERIOD</b>		<b>(421,397)</b>	(124,538)
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company			
From continuing operations	11	<b>(388,101)</b>	(123,828)
From discontinued operations	11	<b>(25,557)</b>	(1,530)
		<b>(413,658)</b>	(125,358)
Non-controlling interests			
From continuing operations		<b>(7,481)</b>	835
From discontinued operations		<b>(258)</b>	(15)
		<b>(7,739)</b>	820
		<b>(421,397)</b>	(124,538)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Basic (CNY per share)			
– For loss from continuing operations	11	(0.28)	(0.10)
– For loss from discontinued operations	11	(0.02)	(0.00)
– Net loss per share		(0.30)	(0.10)
Diluted (CNY per share)			
– For loss from continuing operations	11	(0.28)	(0.10)
– For loss from discontinued operations	11	(0.02)	(0.00)
– Net loss per share		(0.30)	(0.10)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>CNY'000</b>	CNY'000
	<b>(Unaudited)</b>	(Unaudited)
LOSS FOR THE PERIOD	<b>(421,397)</b>	(124,538)
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	<b>872</b>	536
Total other comprehensive income for the period, net of tax	<b>872</b>	536
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(420,525)</b>	(124,002)
ATTRIBUTABLE TO:		
Owners of the Company		
From continuing operations	<b>(387,229)</b>	(123,292)
From discontinued operations	<b>(25,557)</b>	(1,530)
	<b>(412,786)</b>	(124,822)
Non-controlling interests		
From continuing operations	<b>(7,481)</b>	835
From discontinued operations	<b>(258)</b>	(15)
	<b>(7,739)</b>	820
	<b>(420,525)</b>	(124,002)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2015

	Notes	30 June 2015 CNY'000 (Unaudited)	31 December 2014 CNY'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>2,259,454</b>	2,603,568
Rehabilitation fund	14	<b>21,545</b>	31,162
Available-for-sale investments	28	<b>40,313</b>	–
Prepayments, deposits and other receivables	17	<b>96,915</b>	104,058
Deferred tax assets	10	<b>37,787</b>	28,576
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,456,014</b>	2,767,364
<b>CURRENT ASSETS</b>			
Inventories	15	<b>29,645</b>	17,503
Trade and bills receivables	16	<b>121,182</b>	99,366
Corporate income tax refundable		<b>33,796</b>	28,533
Prepayments, deposits and other receivables	17	<b>24,704</b>	28,399
Pledged and restricted time deposits	18	<b>70,000</b>	9,674
Cash and cash equivalents	18	<b>73,279</b>	270,140
<b>TOTAL CURRENT ASSETS</b>		<b>352,606</b>	453,615
<b>TOTAL ASSETS</b>		<b>2,808,620</b>	3,220,979
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	19	<b>278,460</b>	203,101
Other payables and accrued liabilities	20	<b>155,588</b>	117,810
Interest-bearing bank and other borrowings	21	<b>509,622</b>	1,110,007
Interest payable		<b>17,101</b>	16,176
Mining rights payables	22	<b>22,368</b>	33,074
<b>TOTAL CURRENT LIABILITIES</b>		<b>983,139</b>	1,480,168
<b>NON-CURRENT LIABILITIES</b>			
Due to a related company	27	<b>1,237,412</b>	579,836
Interest-bearing bank and other borrowings	21	<b>711,631</b>	762,371
Interest payable		<b>8,675</b>	11,844
Deferred tax liabilities	10	<b>101,464</b>	187,834
Mining rights payables	22	<b>21,412</b>	33,074
Deferred income	23	<b>1,970</b>	–
Asset retirement obligations	24	<b>9,456</b>	9,019
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,092,020</b>	1,583,978
<b>TOTAL LIABILITIES</b>		<b>3,075,159</b>	3,064,146

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As At 30 June 2015

	Notes	<b>30 June 2015 CNY'000 (Unaudited)</b>	31 December 2014 CNY'000 (Audited)
EQUITY			
Share capital	25	<b>1,081</b>	1,081
Reserves		<b>(348,158)</b>	66,178
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<b>(347,077)</b>	67,259
NON-CONTROLLING INTERESTS		<b>80,538</b>	89,574
TOTAL EQUITY		<b>(266,539)</b>	156,833
TOTAL LIABILITIES AND EQUITY		<b>2,808,620</b>	3,220,979

**Li Feilie**

*Chairman and Executive Director*

**Yue Ming Wai Bonaventure**

*Executive Director*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

Attributable to owners of the Company									
	Share capital	Share premium account*	Safety fund and production maintenance fund*	Special reserve*	Retained Earnings/ (Accumulated losses)*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2014	973	75,859	7,062	32,552	43,633	1,774	161,853	93,523	255,376
(Loss) /Profit for the period	-	-	-	-	(125,358)	-	(125,358)	820	(124,538)
Foreign currency translation adjustments	-	-	-	-	-	536	536	-	536
Total comprehensive (loss)/ income for the period	-	-	-	-	(125,358)	536	(124,822)	820	(124,002)
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	2,634	-	(2,634)	-	-	-	-
At 30 June 2014	973	75,859	9,696	32,552	(84,359)	2,310	37,031	94,343	131,374

Attributable to owners of the Company									
	Share capital	Share premium account*	Safety fund and production maintenance fund*	Special reserve*	Accumulated losses*	Exchange fluctuation reserve*	Total	Non-controlling interests	Total equity
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2015	1,081	204,524	21,442	32,274	(194,347)	2,285	67,259	89,574	156,833
Loss for the period	-	-	-	-	(413,658)	-	(413,658)	(7,739)	(421,397)
Foreign currency translation adjustments	-	-	-	-	-	872	872	-	872
Total comprehensive (loss)/ income for the period	-	-	-	-	(413,658)	872	(412,786)	(7,739)	(420,525)
Acquisition of non-controlling interests	-	-	-	(1,550)	-	-	(1,550)	(1,297)	(2,847)
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	2,965	-	(2,965)	-	-	-	-
At 30 June 2015	1,081	204,524	24,407	30,724	(610,970)	3,157	(347,077)	80,538	(266,539)

\* These reserve accounts comprise the consolidated negative reserves of CNY348.2 million (30 June 2014: consolidated reserves of CNY36.1 million) as at 30 June 2015.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before income tax		<b>(513,592)</b>	(141,281)
From continuing operations		<b>(485,681)</b>	(140,062)
From discontinued operations		<b>(27,911)</b>	(1,219)
Adjustments for:			
Interest income	8	<b>(437)</b>	(144)
Finance costs		<b>59,694</b>	69,271
Depreciation and amortisation		<b>56,415</b>	34,711
Impairment loss on property, plant and equipment	13	<b>405,171</b>	66,397
Impairment of trade and bills receivable		<b>59</b>	–
Impairment of prepayments, deposits and other receivables		<b>4,915</b>	–
Impairment of inventories		<b>1,807</b>	–
Sub-total		<b>14,032</b>	28,954
Decrease in rehabilitation fund		<b>9,617</b>	3,625
Increase in trade and bills receivables		<b>(16,334)</b>	(50,667)
Increase in inventories		<b>(13,950)</b>	(4,657)
(Increase)/decrease in prepayments, deposits and other receivables		<b>(1,351)</b>	2,749
Increase in trade and bills payables		<b>96,625</b>	110,769
Decrease in other payables and accrued liabilities		<b>(1,944)</b>	(36,442)
Deferred income		<b>1,970</b>	–
Cash from operations		<b>88,665</b>	54,331
Interest received		<b>437</b>	144
Interest paid		<b>(62,556)</b>	(65,648)
Income tax paid		<b>(8,649)</b>	(11,817)
Net cash flows from/(used in) operating activities		<b>17,897</b>	(22,990)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net cash paid for acquisition of a subsidiary		<b>10</b>	–
Prepayment for purchase of land use rights		<b>(859)</b>	(3,790)
Purchase of items of property, plant and equipment		<b>(159,286)</b>	(162,592)
Net cash flows used in investing activities		<b>(160,135)</b>	(166,382)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from interest – bearing bank and other borrowings		<b>234,600</b>	850,000
Repayments of interest – bearing bank and other borrowings		<b>(886,465)</b>	(643,900)
Increase of restricted bank deposits	18	<b>(60,326)</b>	(112,888)
Net cash paid for acquisition of non-controlling interests		<b>(880)</b>	–
Advances from related companies		<b>827,850</b>	300,953
Repayments to related companies		<b>(170,274)</b>	(260,000)
Net cash flows (used in)/from financing activities		<b>(55,495)</b>	134,165

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		<b>(197,733)</b>	(55,207)
NET FOREIGN EXCHANGE DIFFERENCE		<b>872</b>	536
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<b>270,140</b>	146,883
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18	<b>73,279</b>	92,212
Supplementary disclosures of cash flow information:			
Total cash paid for interest (including capitalised interest of CNY3.9 million for the period ended 30 June 2015 (period ended 30 June 2014: CNY17.2 million))		<b>(66,475)</b>	(82,820)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 1. CORPORATE INFORMATION

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

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

CHNR’s principal shareholder is Feishang Group Limited (“Feishang”), a company incorporated in the BVI. Mr. Li Feilie, the director and beneficial owner of Feishang, is the chairman and chief executive officer of the Company. In the opinion of the Directors, the ultimate holding company of the Company is Laitan Investments Limited, a company incorporated in the BVI.

The Company is an investment holding company. During the period, the Company’s subsidiaries were engaged in the acquisition, construction and development of anthracite coal mines and extraction and sale of thermal and anthracite coal (“Coal Segment”), as well as the operations of wide frequency band microwave digital terrestrial TV broadcasting (“Terrestrial TV Broadcasting Segment”).

As at 30 June 2015, the Group had net current liabilities of CNY630.5 million (31 December 2014: CNY1,026.6 million) and total assets less current liabilities of CNY1,825.5 million (31 December 2014: CNY1,740.8 million).

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchanges.

The interim condensed consolidated financial statements have been prepared on historical cost basis. These interim financial statements are presented in Chinese Yuan (“CNY”) and all values are rounded to the nearest thousand except when otherwise indicated.

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Comparative information

Certain items in the interim condensed consolidated financial statements have been restated due to the presentation of discontinued operations, further summary details of which are included in note 4 below.

### Significant accounting policies

In the current interim period, the Group has applied, for the first time, the following revised International Financial Reporting Standards (“IFRSs”) issued by IASB:

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of IFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of IFRSs

Save as discussed below, the application of the above revised IFRSs in the current interim period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements.

### Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

#### *IFRS 2 Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group’s accounting policies.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Annual Improvements 2010-2012 Cycle (continued)

#### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

#### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

#### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

#### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

#### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

#### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

#### *Going concern*

As at 30 June 2015, the Group had a working capital deficiency of CNY630.5 million and had undrawn loan facilities totalling CNY210.0 million available to finance its future operations. Subsequent to the end of the reporting period, the Group has secured additional loan facilities up to 31 August 2015 totalling CNY19.3 million. The Group will enter into loan renewal discussions with the banks in due course and has, at this stage, not sought any written commitment that the loan facilities will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

In the opinion of the Directors, the Group's forecasts and projections, after taking account of reasonably possible changes in trading performance, operating as well as capital expenditure, the available bank facilities and the continuous financial support from Feishang, support the Group's ability to continue to operate within the level of its current capacity and that the Group is expected to have sufficient liquidity to finance its operations for the next twelve months. Therefore, the financial statements have been prepared on a going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 3. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the Directors are determined according to the Group's major product and service lines.

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

- Coal Segment
- Terrestrial TV Broadcasting Segment

Prior to 30 June 2015, the Group had only one operating segment: Coal Segment. On 30 June 2015, the Company completed the acquisition of Hongkong Madia Investment Manage Co., Ltd. ("Hongkong Madia") (note 28). Since then the Company started the terrestrial TV broadcasting business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 3. OPERATING SEGMENT INFORMATION (continued)

	For the six months ended and as at 30 June 2015		
	(Unaudited)		
	Coal	Terrestrial TV	
	Segment	Broadcasting	Total
	CNY'000	Segment	CNY'000
	CNY'000	CNY'000	CNY'000
<b>Segment revenue from continuing operations*</b>			
Sales to external customers	103,136	–	103,136
<b>Segment results from continuing operations*</b>	(482,233)	–	(482,233)
<i>Reconciliation of segment results:</i>			
Segment results			(482,233)
Corporate and other unallocated expense			(3,448)
Loss before income tax			(485,681)
<b>Segment assets</b>	2,739,622	40,323	2,779,945
<i>Reconciliation:</i>			
Corporate and other unallocated assets			28,675
Total assets			2,808,620
<b>Segment liabilities</b>	3,030,445	16	3,030,461
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			44,698
Total liabilities			3,075,159
<b>Other segment information of continuing operations*</b>			
Depreciation and amortisation	56,351	–	56,351
Capital expenditure**	160,145	–	160,145

\* For the purpose of presentation, the revenue, results and other segment information from discontinued operations are not included in this note, the details of which are disclosed in note 4.

\*\* Capital expenditure consists of cash paid for the additions to property, plant and equipment and intangible assets.



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 3. OPERATING SEGMENT INFORMATION (continued)

	Coal Segment CNY'000	Terrestrial TV Broadcasting Segment CNY'000	Total CNY'000
<b>For the six months ended 30 June 2014 (Unaudited)</b>			
<b>Segment revenue from continuing operations*</b>			
Sales to external customers	173,339	–	173,339
<b>Segment results from continuing operations*</b>	(136,479)	–	(136,479)
<i>Reconciliation of segment results:</i>			
Segment results			(136,479)
Corporate and other unallocated expense			(3,583)
Loss before income tax			(140,062)
<b>As at 31 December 2014 (Audited)</b>			
<b>Segment assets</b>	3,068,897	–	3,068,897
<i>Reconciliation:</i>			
Corporate and other unallocated assets			152,082
Total assets			3,220,979
<b>Segment liabilities</b>	3,058,764	–	3,058,764
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			5,382
Total liabilities			3,064,146
<b>For the six months ended 30 June 2014 (Unaudited)</b>			
<b>Other segment information of continuing operations*</b>			
Depreciation and amortisation	34,575	–	34,575
Capital expenditure**	166,382	–	166,382

\* For the purpose of presentation, the revenue, results and other segment information from discontinued operations are not included in this note, the details of which are disclosed in note 4.

\*\* Capital expenditure consists of cash paid for the additions to property, plant and equipment and intangible assets.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographic information

##### *Non-current assets*

	Group	
	30 June 2015 CNY'000 (Unaudited)	31 December 2014 CNY'000 (Audited)
Mainland China	<b>2,415,701</b>	2,767,364

The non-current asset information above is based on the locations of the assets and excludes available-for-sale investments.

#### Information about major customers

During the six months ended 30 June 2015, sales derived from four largest customers accounted for 33.0%, 28.3%, 12.2%, and 11.0% of the consolidated revenue, respectively. During the six months ended 30 June 2014, sales derived from two largest customers accounted for 25.3% and 24.0% of the consolidated revenue, respectively.

### 4. DISCONTINUED OPERATIONS

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China ("PRC"), which is wholly-owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operations of Gouchang Coal Mine had been suspended since March 2013 pending on the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. However, in view of the bleak outlook of the coal industry in Mainland China, the Company considered that the resumption of Gouchang Coal Mine was unlikely to bring in promising returns to the Group after considering the acquisition cost of the nearby coal mine and subsequent capital investment. The Group therefore has planned to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou Province's coal mine consolidation policy. In the first half of 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations in preparing the interim condensed consolidated statement of profit or loss.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 4. DISCONTINUED OPERATIONS (continued)

The results of Gouchang Coal Mine for the six months ended 30 June 2015 are presented below:

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited)
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Administrative expenses	(5,761)	(1,166)
Write-down of inventories to net realisable value	(551)	–
Impairment loss on property, plant and equipment	(21,556)	–
OPERATING LOSS	(27,868)	(1,166)
Finance costs	(43)	(43)
Non-operating expenses, net	–	(10)
LOSS BEFORE INCOME TAX	(27,911)	(1,219)
Income tax benefit/(expense)	2,096	(326)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	(25,815)	(1,545)
Attributable to:		
Owners of the Company	(25,557)	(1,530)
Non-controlling interests	(258)	(15)
	(25,815)	(1,545)

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

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited)
Operating activities	(898)	(1,175)
Investing activities	–	–
Financing activities	863	917
Net cash outflow	(35)	(258)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 4. DISCONTINUED OPERATIONS (continued)

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

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited)
Loss for the period attributable to owners of the Company from discontinued operations	(25,557)	(1,530)
Weighted average number of ordinary shares ('000 shares) in issue during the period used in the basic loss per share calculation	1,380,546	1,245,546
Weighted average number of ordinary shares ('000 shares) used in the diluted loss per share calculation	1,380,546	1,245,546
Loss per share (CNY per share):		
Basic, from discontinued operations	(0.02)	(0.00)
Diluted, from discontinued operations	(0.02)	(0.00)

At the annual general meeting held on 29 May 2015 (the "AGM"), shareholders of the Company approved, among other things, the ordinary resolution in relation to the share subdivision of each issued and unissued share of HK\$0.01 each in the share capital of the Company into ten subdivided shares of HK\$0.001 each ("Share Subdivision"). The weighted average number of ordinary shares for the six months ended 30 June 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

## 5. REVENUE

All of the Group's revenue is derived solely from the sales of anthracite in Mainland China.

## 6. FINANCE COSTS

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Interest on interest-bearing bank and other borrowings	64,730	76,124
Interest on payables for mining rights	(501)	2,444
Total interest expense	64,229	78,568
Less: capitalised interest (note 13)	(4,967)	(9,733)
Bank charges	3,887	5,345
Entrusted loan commission fee	—	222
Foreign exchange loss	448	—
Accretion expenses	432	393
	64,029	74,795

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 7. NON-OPERATING EXPENSES, NET

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Late fee for tax	283	–
Donation	393	237
Others	85	(42)
	761	195

## 8. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Crediting:		
Interest income on bank deposits	437	144
Charging:		
Cost of inventories sold (a)	67,197	89,059
Price adjustment fund	–	5,169
Sales tax and surcharge	6,721	8,433
Utilisation of safety fund and production maintenance fund	21,347	21,862
Cost of sales	95,265	124,523
Employee benefit expenses (note 9)	47,970	52,672
Depreciation, depletion and amortisation:		
– Property, plant and equipment	56,351	34,575
Impairment of property, plant and equipment	383,615	66,397
Write-down of inventories to net realisable value	1,258	–
Repairs and maintenance	492	718
Losses arising from temporary suspension of production (b)	751	3,161

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 8. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS (continued)

- (a) Included in the cost of inventories sold are CNY49.5 million for the six months ended 30 June 2015 (six months ended 30 June 2014: CNY57.5 million), relating to employee benefit expenses, and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expense.
- (b) The amount mainly represented the overhead costs incurred during the period of temporary suspension of production implemented by the local governments for inspections as well as the suspension of production in Gouchang Coal Mine according to Guizhou Province's coal mine consolidation policy issued in March 2013. Moreover, since June 2014, Liujiaba, Zhulinzhai and Dayuan Coal Mines suspended production to carry out rectification or improvement of certain safety deficiencies so as to ensure their mining operations are in compliance with the requisite safety standards and other conditions required by 六枝特區安全生產監督管理局 (Liuzhi Special District Administration Bureau of Work Safety\*) and 納雍縣安全生產監督管理局 (Nayong County Administration Bureau of Work Safety\*) in the PRC.

\* For identification purpose only.

## 9. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Wages, salaries and allowances	51,525	55,072
Contribution to pension plans	909	951
Housing funds	221	236
Welfare and other expenses	5,324	4,492
	57,979	60,751

Employee benefits charged to the consolidated profit or loss are analysed as follows:

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Total employee benefits accrued for the period	57,979	60,751
Less:		
Amount included in inventories	2,271	932
Amount included in property, plant and equipment	7,738	7,147
Amount charged to statement of profit or loss (note 8)	47,970	52,672

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 10. INCOME TAX AND DEFERRED TAX

	Six months ended 30 June	
	2015 CNY'000 (Unaudited)	2014 CNY'000 (Unaudited) (Restated)
Current – Mainland China	3,386	6,080
Deferred – Mainland China	(93,485)	(23,149)
	<b>(90,099)</b>	(17,069)

The Company was incorporated in BVI and conducts its primary business through its subsidiaries in the PRC for the six months ended 30 June 2015. 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. Hong Kong Profits Tax rate is 16.5% during the six months ended 30 June 2015. The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced incomes. The latter is not subject to Hong Kong Profits Tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong Profits Tax was made as such operation sustained tax losses during the six months ended 30 June 2015. The PRC subsidiaries' statutory corporate income tax rate is 25%.

The Group's major deferred tax assets and deferred tax liabilities are as follows:

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Deferred tax assets		
Accrued liabilities and other payables	4,880	5,664
Capitalised pilot run income	18,062	18,923
Tax losses	32,601	35,816
Depreciation and fair value adjustment of property, plant and equipment	14,090	9,706
Others	924	776
	<b>70,557</b>	70,885
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	(134,234)	(230,143)
Net deferred tax liabilities	<b>(63,677)</b>	(159,258)
Classification in the consolidated statements of financial position:		
Deferred tax assets	37,787	28,576
Deferred tax liabilities	<b>(101,464)</b>	(187,834)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 10. INCOME TAX AND DEFERRED TAX (continued)

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

## 11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>CNY'000</b>	CNY'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Loss for the period attributable to owners of the Company:		
From continuing operations	<b>(388,101)</b>	(123,828)
From discontinued operations	<b>(25,557)</b>	(1,530)
Weighted average number of ordinary shares ('000 shares):		
Basic	<b>1,380,546</b>	1,245,546
Diluted	<b>1,380,546</b>	1,245,546
Loss per share attributable to owners of the Company (CNY per share):		
Basic		
From continuing operations	<b>(0.28)</b>	(0.10)
From discontinued operations	<b>(0.02)</b>	(0.00)
Diluted		
From continuing operations	<b>(0.28)</b>	(0.10)
From discontinued operations	<b>(0.02)</b>	(0.00)

At the AGM, shareholders of the Company approved, among other things, the ordinary resolution in relation to the share subdivision of each issued and unissued share of HK\$0.01 each in the share capital of the Company into ten subdivided shares of HK\$0.001 each. The weighted average number of ordinary shares for the six months ended 30 June 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

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



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 12. DIVIDEND

No dividend has been paid or declared by the Company since its incorporation.

## 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress amounted to CNY44.1 million (six months ended 30 June 2014: CNY17.7 million) and CNY73.3 million (six months ended 30 June 2014: CNY99.9 million), respectively.

As at 30 June 2015, certain mining rights with a carrying amount of CNY721.2 million (31 December 2014: CNY984.5 million) (note 21) were pledged to secure bank loans with a carrying amount of CNY685.5 million (31 December 2014: CNY718.8 million) (note 21).

As at 30 June 2015, certain buildings with a carrying amount totalling CNY76.0 million were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current uses. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2015.

Interest expenses of CNY5.0 million (six months ended 30 June 2014: CNY9.7 million) arising from borrowings attributable to the construction of property, plant and equipment were capitalised at an annual rate of 5.25% to 8.00% (six months ended 30 June 2014: 6.00% to 8.52%) and were included in 'additions' to construction in progress and mining rights during the six months ended 30 June 2015.

The operations of Gouchang Coal Mine had been suspended since March 2013 pending on the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group has planned to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou Province's coal mine consolidation policy. In the first half of 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations in preparing the interim condensed consolidated statement of profit or loss. Gouchang Coal Mine was designated as a single cash generating unit ("CGU"). The Directors determined the recoverable amounts of Gouchang Coal Mine by establishing its fair-value-less-costs-of-disposal ("FVLCD") of the assets which can be further utilized in other coal mines.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

Operations have been suspended at Liujiaba, Zhulinzhai and Dayuan Coal Mines since June 2014 to carry out rectification or improvement of certain safety deficiencies so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions required by relevant Administration Bureau of Work Safety. Each of the coal mines was designated as a single CGU. The carrying value of the long-term assets was compared to the recoverable amount of the CGU, which was based predominantly on the FVLCD. FVLCD calculations use pre-tax cash flow projections. Other key assumptions applied in the impairment tests include the production volume, expected coal price, coal product mix, product cost and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of 12.41% for the six months ended 30 June 2015 (six months ended 30 June 2014: 13.12%) that reflects specific risks related to CGU as discount rates.

For the six months ended 30 June 2015, impairment loss for property, plant and equipment of CNY405.2 million (six months ended 30 June 2014: CNY66.4 million) was recognised in profit or loss due to the decline in long-term coal price and suspension of certain coal mines' operations, among which CNY21.6 million was recognised for Gouchang Coal Mine in the loss from discontinued operations.

## 14. REHABILITATION FUND

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

## 15. INVENTORIES

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Spare parts and consumables	11,762	13,118
Coal	17,883	4,385
	<b>29,645</b>	17,503

The provision for impairment of inventories of the Group amounted to CNY1.8 million for the six months ended 30 June 2015 (31 December 2014: Nil).

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 16. TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Trade receivables	117,311	95,651
Less: provision for impairment	59	–
	<b>117,252</b>	95,651
Bills receivable	<b>3,930</b>	3,715
	<b>121,182</b>	99,366

The movements in provision for impairment of trade receivables are as follows:

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
At the beginning of the period/year	–	–
Impairment loss recognised	59	–
At the end of the period/year	<b>59</b>	–

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of CNY0.06 million (31 December 2014: Nil) with a carrying amount before provision of CNY0.06 million (31 December 2014: Nil) as at 30 June 2015.

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

Trade receivables of CNY11.4 million (31 December 2014: Nil) were pledged as security for short-term loans of CNY9.6 million as at 30 June 2015 (note 21).

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 16. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of the trade receivables as at the end of the period, based on the invoice date, is as follows:

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Within 3 months	82,582	76,271
3 to 6 months	14,139	4,544
6 to 12 months	17,492	13,845
Over 12 months	3,039	991
	<b>117,252</b>	95,651

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Neither past due nor impaired	82,582	76,271
Within one year past due	31,691	18,654
More than one year past due	2,979	726
Trade receivables, net	<b>117,252</b>	95,651

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Current:		
Prepaid spare parts and consumables purchases	4,766	4,251
Deposits	7,942	7,546
Staff advances	5,206	4,546
Withheld social security	3,537	4,265
Value-added tax recoverable	4,114	4,162
Prepaid transportation fee	1,813	1,113
Others	1,532	2,516
Less: provision for impairment	4,206	–
	<b>24,704</b>	28,399
Non-current:		
Prepayments for land use rights	57,900	57,041
Prepayments for construction related work	24,019	29,662
Deposits for equipment purchases	12,477	12,257
Prepayments for mining plans design	1,388	1,392
Others	1,840	3,706
Less: provision for impairment	709	–
	<b>96,915</b>	104,058
	<b>121,619</b>	132,457

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Cash and cash balances	<b>143,279</b>	279,814
Less:		
Pledged time deposits:		
Pledged and restricted for bank bills (note 19)	<b>70,000</b>	9,674
Cash and cash equivalents	<b>73,279</b>	270,140

Restricted bank deposits mainly include deposits of CNY70.0 million (31 December 2014: CNY9.7 million) held as security for bank bills as at 30 June 2015 (note 19).

Deposits and cash and cash equivalents are denominated in the following currencies:

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
CNY	<b>114,738</b>	127,808
Hong Kong dollar	<b>28,541</b>	152,006
	<b>143,279</b>	279,814

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 the PRC's Foreign Exchange Control Regulations and Administration of Settlement, 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. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 19. TRADE AND BILLS PAYABLES

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Trade payables	<b>208,326</b>	198,427
Bills payable	<b>70,134</b>	4,674
	<b>278,460</b>	203,101

The aged analysis of trade payables is as follows:

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Within one year	<b>165,330</b>	189,775
More than one year	<b>42,996</b>	8,652
	<b>208,326</b>	198,427

Bills payable are bills of exchange with maturity of less than one year. Time deposits of CNY70.0 million (31 December 2014: CNY9.7 million) were pledged to secure the bank bills as at 30 June 2015 (note 18).

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 20. OTHER PAYABLES AND ACCRUED LIABILITIES

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
Natural resources fee (a)	1,204	3,894
Deposits from contractors	13,315	13,028
Social security payable (b)	11,962	9,058
Payroll payable	20,589	25,169
Advances from customers	31,709	20,483
Other taxes payables	23,702	31,932
Accrued expenses	2,811	2,809
Professional fee	1,260	2,240
Acquisition of equity investments (note 28)	40,307	–
Payable for emergency rescue of the coal mines	4,000	4,000
Others	4,729	5,197
	<b>155,588</b>	117,810

- (a) The natural resources fee represents fees payable to the PRC Government and is calculated as a percentage of sales.
- (b) Social security consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the benefit of the Group's employees.



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
<b>Current</b>		
Bank and other borrowings – guaranteed	174,600	255,000
Bank and other borrowings – secured and guaranteed	40,000	–
Current portion of long term bank and other borrowings – secured and guaranteed	233,852	239,007
Current portion of long term bank and other borrowings – guaranteed	22,570	386,000
Current portion of long term bank and other borrowings – unsecured	38,600	–
Bank and other borrowings – unsecured	–	230,000
	<b>509,622</b>	1,110,007
<b>Non-current</b>		
Bank and other borrowings – guaranteed	150,000	94,000
Bank and other borrowings – secured and guaranteed	411,631	479,771
Bank and other borrowings – unsecured	150,000	188,600
	<b>711,631</b>	762,371
	<b>1,221,253</b>	1,872,378

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 CNY721.2 million (31 December 2014: CNY984.5 million) as at 30 June 2015 (note 13);
- 2) Pledges over the Company's equity interest in Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin") and Guizhou Dayun Coal Mining Co., Ltd. ("Guizhou Dayun") as at 30 June 2015 and 31 December 2014; and
- 3) Pledges over the trade receivables in Guizhou Puxin with a carrying amount of CNY11.4 million (31 December 2014: Nil) as at 30 June 2015 (note 16).

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY708.5 million (31 December 2014: CNY989.0 million) as at 30 June 2015. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY893.5 million (31 December 2014: CNY1,274.0 million) as at 30 June 2015.

All borrowings are denominated in CNY.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 22. MINING RIGHTS PAYABLES

Mining rights payables represent the payables to the Guizhou Provincial Department of Land and Resources as a result of acquiring the mining rights for Guizhou Yongfu Mining Co., Ltd. and Guizhou Dayun. Mining rights payables are classified as current/non-current liabilities according to instalment plans agreed with the Guizhou Provincial Department of Land and Resources.

Maturities of mining rights payables are as follows:

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	<b>At 31 December 2014 CNY'000 (Audited)</b>
Within one year or on demand	<b>22,368</b>	33,074
In the second year	<b>10,706</b>	22,368
In the third to fifth years, inclusive	<b>10,706</b>	10,706
	<b>43,780</b>	66,148

## 23. DEFERRED INCOME

	<b>Amount CNY'000</b>
At 1 January 2014 and 31 December 2014 (Audited)	–
Recognised during the period	1,970
Released to the statement of profit or loss	–
At 30 June 2015 (Unaudited)	<b>1,970</b>

Government grants were received in 2015 for certain underground construction projects in Guizhou Dayun. The amount was included in deferred income in the statement of financial positions, which will be recognised in the statement of profit or loss along with the depreciation of related assets over their useful lives.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 24. 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 liability:

	<b>Amount</b> CNY'000
At 1 January 2014 (Audited)	8,222
Accretion expenses	797
At 31 December 2014 (Audited)	9,019
Accretion expenses	437
At 30 June 2015 (Unaudited)	<b>9,456</b>

## 25. SHARE CAPITAL

	<b>At</b> <b>30 June</b> <b>2015</b> <b>CNY'000</b> <b>(Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Authorised:		
100,000,000,000 (31 December 2014: 1,000,000,000 ordinary shares of HK\$0.01 each)		
ordinary shares of HK\$0.001 each	<b>79,960</b>	7,881
Issued and fully paid:		
1,380,545,800 (31 December 2014: 138,054,580 ordinary shares of HK\$0.01 each)		
ordinary shares of HK\$0.001 each	<b>1,081</b>	1,081

At the AGM, it was approved that, among other things, (i) the share subdivision of each issued and unissued share of HK\$0.01 each in the share capital of the Company into ten subdivided shares of HK\$0.001 each, such that the maximum number of shares that the Company is authorised to issue will increase from 1,000,000,000 shares with a par value of HK\$0.01 each to 10,000,000,000 shares with a par value of HK\$0.001 each; (ii) the increase of the maximum number of shares that the Company is authorised to issue from 1,000,000,000 shares with a par value of HK\$0.01 each (or equivalent to 10,000,000,000 shares with a par value of HK\$0.001 each after the Share Subdivision) to 100,000,000,000 shares with a par value of HK\$0.001.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 26. COMMITMENTS

### (a) Capital commitments

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

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Construction and purchase of items of property, plant and equipment		
– Contracted, but not provided for	<b>24,183</b>	35,108
– Authorised, but not contracted for	<b>10,205</b>	9,926
	<b>34,388</b>	45,034

### (b) Operating lease commitments

The Group has commitments to make the following future minimum lease payments under non-cancellable operating leases:

	<b>At 30 June 2015 CNY'000 (Unaudited)</b>	At 31 December 2014 CNY'000 (Audited)
Within the first year	<b>763</b>	1,961
After one year but not more than five years	<b>–</b>	904
	<b>763</b>	2,865

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 27. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

### (a) Commercial Transactions with Related Companies

Commercial transactions with related companies are summarised as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>CNY'000</b>	CNY'000
	<b>(Unaudited)</b>	(Unaudited)
Payment of its share of office rental, rates and others to Anka Consultants Limited ("Anka")*	<b>333</b>	333

\* On 1 July 2014, the Company and CHNR entered into a office sharing agreement with Anka, a private Hong Kong company which is owned by certain Directors. The agreement will be expired on 30 June 2016. Pursuant to the agreement, the office premises of 119 square meters are shared by the Company and CHNR on equal basis. The agreement also provides that the Company and CHNR shall share certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka.

### (b) Compensation of key management personnel of the Group

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>CNY'000</b>	CNY'000
	<b>(Unaudited)</b>	(Unaudited)
Wages, salaries and allowances	<b>1,081</b>	1,324
Contribution to pension plans	<b>27</b>	74
Housing funds	<b>21</b>	34
Welfare and other expenses	<b>19</b>	39
	<b>1,148</b>	1,471

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 27. RELATED PARTY TRANSACTIONS (continued)

### (c) Outstanding balances with related companies

The Group's payables with related companies, which are all unsecured and non-interest-bearing, are summarised as follows:

	At 30 June 2015 CNY'000 (Unaudited)	At 31 December 2014 CNY'000 (Audited)
<b>Non-current</b>		
Payables to related companies:		
Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise")*	1,237,412	579,836

\* The entity is under the control of Feishang.

Pursuant to the financial support letter dated 30 June 2015 issued by Feishang Enterprise, who agreed not to recall any amount due from the Group within one year and until the Company has the ability to repay.

## 28. ACQUISITION

On 30 June 2015, the Company entered into a sale and purchase agreement with Guilin City Ceke Communication Equipment Co., Ltd., an unrelated company established in the PRC with limited liability and Mr. Liao Jun, an unrelated third party, pursuant to which the Company acquired their respective 51% and 49% equity interest in Hongkong Madia, a company incorporated in Hong Kong, together with the shareholders' loans at an aggregate consideration of US\$6,500,000 subject to certain payment conditions. The acquisition was completed on 30 June 2015.

Hongkong Madia is an investment holding company principally engaged in the operations of wide frequency band microwave digital terrestrial TV broadcasting through its overseas companies. As at 30 June 2015, Hongkong Madia was the beneficial owner of (i) 35% of the issued share capital of/equity interest in Electroteks Ceke (Private) Limited, a company incorporated in Sri Lanka with limited liability; (ii) 70% of the issued share capital of/equity interest in КиДиЭМТиВи, a company incorporated in Kyrgyzstan with limited liability; (iii) 50% of the issued share capital of/equity interest in Ceke Madagascar Private Investment Agency SA, a company incorporated in Madagascar with limited liability; and (iv) 33% of the issued share capital of/equity interest in TV de San Jose UHF, S.A., a company incorporated in Costa Rica with limited liability. The investments in the above mentioned overseas companies are recorded as available-for-sale investments.

As at 30 June 2015, the Group has yet exercised significant influence or control over the underlying equity investments of Hongkong Madia as aforementioned.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 29. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 30 June 2015 and 31 December 2014, there is no financial instrument measured or disclosed at fair value.

## 30. EVENTS AFTER THE REPORTING PERIOD

On 10 July 2015, Guizhou Puxin drew down the remaining loan facility amounting CNY30.0 million out of total CNY60.0 million short-term bank loans from Bank of China Limited to be repaid on 10 July 2016. The purpose of the loan is to finance the purchase of coal. The loan bears interest at a floating annual interest rate equal to 20% above the one-year base lending rate stipulated by the People's Bank of China (4.85% per annum, resulting in an annual interest rate of 5.82% per annum). The loan is guaranteed by Feishang Enterprise, a related company and Mr Li Feilie.

On 21 July 2015, Guizhou Puxin received a CNY17.1 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business to be repaid on 20 October 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY20.2 million.

On 18 August 2015, Guizhou Puxin received a CNY2.2 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business to be repaid on 17 November 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY2.6 million.

## 31. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2015.

## SUMMARY OF MINE PROPERTIES

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

Mine	Commercial Production						To be closed for consolidation
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Dayuan Coal Mine (Note 2)	Liujiaaba Coal Mine (Note 3)	Zhulinzhai Coal Mine (Note 3)	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	Nayong County, Zhina Coal District	Liuzhi Special District, Zhina Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	100%	100%	99%
Date of initial/expected commercial production	June 2009	February 2014	July 2015	November 2013	December 2012	April 2012	n/a
Mining area (square kilometers)	3.0143	18.2340	16.9035	1.6490	3.7891	1.4104	n/a
Number of mineable	5	5	4	4	3	5	n/a
Designed annual production capacity (Tonnes)	300,000	900,000	900,000	300,000	300,000	300,000	n/a
Permitted annual Production capacity (Tonnes) (Note 4)	150,000	600,000	600,000	300,000	300,000	300,000	n/a
Expiry date of the mining right	December 2015	November 2027	March 2031	March 2023	September 2019	July 2018	n/a



## SUMMARY OF MINE PROPERTIES

Mine	Commercial Production						To be closed for consolidation
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Dayuan Coal Mine	Liujibaba Coal Mine	Zhulinzhai Coal Mine	Gouchang Coal Mine
<b>Reserve data (as of 31 July 2013) (Note 5)</b>							
Proved reserve (million tonnes)	3.44	3.77	12.50	2.99	2.08	2.15	1.87
Probable reserve (million tonnes)	19.04	48.19	84.79	5.27	11.52	7.41	3.85
<b>Total proved and probable reserve (million tonnes)</b>	<b>22.48</b>	<b>51.96</b>	<b>97.29</b>	<b>8.26</b>	<b>13.60</b>	<b>9.56</b>	<b>5.72</b>
<b>Average Coal Quality of Raw Coal</b>							
Moisture (%)	2.47	2.28	2.40	1.15	1.38	1.87	n/a
Ash (%)	19.04	17.95	18.27	24.60	25.03	21.84	n/a
Volatile Matter (%)	9.88	11.72	9.20	9.33	12.57	11.49	n/a
Sulfur (%)	2.35	1.27	2.12	1.16	2.30	1.81	n/a
Heating Value (MJ/kg)	28.33	28.62	28.03	25.79	23.95	28.14	n/a
Density (tonnes/m <sup>3</sup> )	1.45	1.43	1.49	1.49	1.49	1.41	n/a
<b>Reserve data (as of 30 June 2015) (Note 6)</b>							
Proved reserve (million tonnes)	2.84	2.11	12.29	2.92	1.83	2.07	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	5.27	11.52	7.41	n/a
<b>Total proved and probable reserve (million tonnes)</b>	<b>21.88</b>	<b>50.30</b>	<b>97.04</b>	<b>8.19</b>	<b>13.35</b>	<b>9.48</b>	<b>n/a</b>
<b>Capital Expenditure for the six months ended 30 June 2015 (CNY in millions)</b>							
	4.77	53.59	82.82	2.12	2.51	0.46	n/a
<b>Output – Pilot run for the six months ended 30 June 2015 (million tonnes)</b>							
	n/a	n/a	0.23	n/a	n/a	n/a	n/a
<b>Output – Commercial run for the six months ended 30 June 2015 (million tonnes)</b>							
	0.14	0.46	n/a	-	-	-	n/a

### Notes:

- (1) The Group has planned to either disposed of Gouchang Coal Mine or have it suspended/closed down until the consolidation with Yongsheng 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 will be retained and utilised by the existing coal mines of the Group in future.
- (2) Operations have been suspended at Dayuan Coal Mine since June 2014 pending the passing of verification and acceptance procedures conducted by the Nayong County Administration Bureau of Work Safety.
- (3) Operations have been temporarily suspended at Liujibaba Coal Mine and Zhulinzhai Coal Mine since June 2014 to carry out rectification or improvement of certain safety deficiencies so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions (including merger & restructuring of coal mines under the Guizhou Government's coal mine consolidation policy).
- (4) This represents the annual production capacity as permitted under the relevant mining rights permits.
- (5) 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.
- (6) The reserve data as of 30 June 2015 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 2015 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 2015 (except those of Gouchang Coal Mine).
- (7) There was no exploration activity for the Group during the six months ended 30 June 2015.