

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**FEISHANG**

**Feishang Anthracite Resources Limited**

**飛尚無煙煤資源有限公司**

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

**(Stock code: 1738)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**FINANCIAL HIGHLIGHTS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2016*

- Revenue up 83.3% to approximately CNY189.0 million
- Gross profit up 531.6% to approximately CNY49.7 million
- Loss attributable to the owners of the Company from continuing operations down 57.5% to approximately CNY164.9 million
- Basic loss per share from continuing operations was CNY0.12

The board (the “**Board**”) of directors (the “**Directors**”) of Feishang Anthracite Resources Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016 (the “**Reporting Period**”), together with the comparative figures, as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

		<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
	<i>Notes</i>	<i>CNY'000</i>	<i>CNY'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	5	<b>189,046</b>	103,136
Cost of sales		<b>(139,330)</b>	(95,265)
		<hr/>	<hr/>
Gross profit		<b>49,716</b>	7,871
Selling and distribution expenses		<b>(4,919)</b>	(3,470)
Administrative expenses		<b>(48,816)</b>	(40,023)
Write-down of inventories to net realisable value		–	(1,258)
Impairment loss on property, plant and equipment	7	<b>(95,494)</b>	(383,615)
Other operating expenses		<b>(16,703)</b>	(833)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>		<b>(116,216)</b>	(421,328)
		<hr/>	<hr/>
Finance costs	6	<b>(42,957)</b>	(64,029)
Interest income		<b>2,226</b>	437
Non-operating expenses, net		<b>(2,588)</b>	(761)
		<hr/>	<hr/>
<b>LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	7	<b>(159,535)</b>	(485,681)
Income tax (expense)/benefit	8	<b>(3,860)</b>	90,099
		<hr/>	<hr/>
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(163,395)</b>	(395,582)
		<hr/> <hr/>	<hr/> <hr/>
<b>DISCONTINUED OPERATIONS</b>			
<b>LOSS BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS</b>	4	<b>(634)</b>	(27,911)
Income tax benefit from discontinued operations	4	–	2,096
		<hr/>	<hr/>
<b>LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>		<b>(634)</b>	(25,815)
		<hr/>	<hr/>
<b>LOSS FOR THE PERIOD</b>		<b>(164,029)</b>	(421,397)
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2016</b>	<b>2015</b>
		<b>CNY'000</b>	<b>CNY'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company			
From continuing operations	9	<b>(164,888)</b>	(388,101)
From discontinued operations	4, 9	<b>(628)</b>	(25,557)
		<u><b>(165,516)</b></u>	<u>(413,658)</u>
Non-controlling interests			
From continuing operations		<b>1,493</b>	(7,481)
From discontinued operations	4	<b>(6)</b>	(258)
		<u><b>1,487</b></u>	<u>(7,739)</u>
		<u><b>(164,029)</b></u>	<u>(421,397)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
Basic (CNY per share)			
– For loss from continuing operations	9	<b>(0.12)</b>	(0.28)
– For loss from discontinued operations	9	<b>*</b>	(0.02)
		<u><b>(0.12)</b></u>	<u>(0.30)</u>
Diluted (CNY per share)			
– For loss from continuing operations	9	<b>(0.12)</b>	(0.28)
– For loss from discontinued operations	9	<b>*</b>	(0.02)
		<u><b>(0.12)</b></u>	<u>(0.30)</u>

\* *Insignificant*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>CNY'000</b>	<b>CNY'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>LOSS FOR THE PERIOD</b>	<b>(164,029)</b>	<b>(421,397)</b>
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	<u>485</u>	<u>872</u>
Total other comprehensive income for the period, net of tax	<u>485</u>	<u>872</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b><u>(163,544)</u></b>	<b><u>(420,525)</u></b>
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company		
From continuing operations	<b>(164,403)</b>	<b>(387,229)</b>
From discontinued operations	<u>(628)</u>	<u>(25,557)</u>
	<b><u>(165,031)</u></b>	<b><u>(412,786)</u></b>
Non-controlling interests		
From continuing operations	<b>1,493</b>	<b>(7,481)</b>
From discontinued operations	<u>(6)</u>	<u>(258)</u>
	<b><u>1,487</u></b>	<b><u>(7,739)</u></b>
	<b><u>(163,544)</u></b>	<b><u>(420,525)</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2016*

		<b>30 June 2016</b>	31 December 2015
	<i>Notes</i>	<i>CNY'000</i> <b>(Unaudited)</b>	<i>CNY'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>2,247,262</b>	2,298,141
Rehabilitation fund		<b>10,662</b>	11,124
Prepayments, deposits and other receivables		<b>77,639</b>	77,768
Deferred tax assets	<i>8</i>	<b>51,214</b>	43,223
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,386,777</b>	2,430,256
<b>CURRENT ASSETS</b>			
Inventories		<b>20,625</b>	17,255
Trade and bills receivables	<i>12</i>	<b>125,943</b>	115,536
Corporate income tax refundable		<b>47,644</b>	46,682
Prepayments, deposits and other receivables		<b>38,892</b>	28,746
Pledged and restricted time deposits		<b>320,000</b>	195,000
Cash and cash equivalents		<b>72,636</b>	71,855
<b>TOTAL CURRENT ASSETS</b>		<b>625,740</b>	475,074
<b>TOTAL ASSETS</b>		<b>3,012,517</b>	2,905,330
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>13</i>	<b>651,211</b>	491,565
Other payables and accrued liabilities		<b>136,498</b>	137,181
Interest-bearing bank and other borrowings	<i>14</i>	<b>606,195</b>	675,200
Interest payable		<b>20,954</b>	21,172
Mining rights payables		<b>33,074</b>	33,074
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,447,932</b>	1,358,192

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

AS AT 30 JUNE 2016

	<i>Notes</i>	<b>30 June 2016 CNY'000 (Unaudited)</b>	31 December 2015 CNY'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Due to a related company		<b>1,774,388</b>	1,398,679
Interest-bearing bank and other borrowings	<i>14</i>	<b>183,895</b>	384,790
Interest payable		<b>4,460</b>	4,198
Deferred tax liabilities	<i>8</i>	<b>119,573</b>	113,992
Mining rights payables		<b>10,706</b>	10,706
Deferred income		<b>1,554</b>	1,701
Asset retirement obligations		<b>10,375</b>	9,894
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,104,951</b>	1,923,960
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>3,552,883</b>	3,282,152
		<hr/>	<hr/>
<b>EQUITY</b>			
Share capital		<b>1,081</b>	1,081
Reserves		<b>(613,386)</b>	(448,355)
		<hr/>	<hr/>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(612,305)</b>	(447,274)
<b>NON-CONTROLLING INTERESTS</b>		<b>71,939</b>	70,452
		<hr/>	<hr/>
<b>SHAREHOLDERS' DEFICIT</b>		<b>(540,366)</b>	(376,822)
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,012,517</b>	2,905,330
		<hr/> <hr/>	<hr/> <hr/>

## **NOTES TO THE INTERIM FINANCIAL INFORMATION**

### *FOR THE SIX MONTHS ENDED 30 JUNE 2016*

#### **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 “**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**” or the “**controlling shareholder**”), a company incorporated in the BVI. Mr. LI Feilie is the beneficial owner of Feishang. 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 Reporting Period, the Company’s subsidiaries were engaged in the acquisition, construction and development of anthracite coal mines and extraction and sale of anthracite coal in the People’s Republic of China (“**PRC**”).

As at 30 June 2016, the Group had net current liabilities of approximately CNY822.2 million (31 December 2015: approximately CNY883.1 million) and total assets less current liabilities of approximately CNY1,564.6 million (31 December 2015: approximately CNY1,547.1 million).

#### **2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES**

The interim financial information has been prepared in accordance with the International Accounting Standard (“**IAS**”) 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 Stock Exchange (the “**Listing Rules**”).

The interim financial information has been prepared on the 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 financial information for the Reporting Period are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

### Changes in accounting policies

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

Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of IFRSs</i>

The adoption of amendments does not have any significant effect on the annual consolidated financial statements of the Group or the interim financial information of the Group.

The Group has not early adopted any other accounting standard or amendment that has been issued but is not yet effective.

### Going concern

As at 30 June 2016, the Group had net current liabilities of approximately CNY822.2 million and shareholders’ deficit of approximately CNY540.4 million. In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the following measures, namely: (i) obtaining continuous financial support from Feishang and one entity controlled by Mr. LI Feilie; (ii) entering into loan renewal discussions with the banks in due course; and (iii) taking measures to tighten cost controls over various costs and expenses and to seek business opportunities with the aim to attain profitable and positive cash flow operations.

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

### Comparative information

Certain items in the notes to the interim financial information have been reclassified to conform with the current period’s presentation.

## **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment, namely the exploration and mining of coal. The Group conducts its principal operations in Mainland China. The Group’s management monitors the operating results of its business unit for the purpose of making decisions about allocation of resources and performance assessment.

### Geographic information

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

### Information about major customers

During the Reporting Period, revenue derived from sales to the largest customer accounted for 15.4% of the consolidated revenue. During the six months ended 30 June 2015, revenue derived from sales to the four largest customers accounted for 33.0%, 28.3%, 12.2% and 11.0% of the consolidated revenue, respectively.



#### 4. DISCONTINUED OPERATIONS

Gouchang Coal Mine is a coal mine located in Guizhou Province, 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 the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore has planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation on 5 January 2016. In the first half of 2016, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations for the purpose of preparing the interim condensed consolidated statement of profit or loss.

The results of Gouchang Coal Mine for the Reporting Period are presented below:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>CNY'000</i>	<i>CNY'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	<b>(609)</b>	(5,761)
Write-down of inventories to net realisable value	-	(551)
Impairment loss on property, plant and equipment	-	(21,556)
<b>OPERATING LOSS</b>	<b>(609)</b>	<b>(27,868)</b>
Finance costs	<b>(25)</b>	(43)
<b>LOSS BEFORE INCOME TAX</b>	<b>(634)</b>	<b>(27,911)</b>
Income tax benefit	-	2,096
<b>LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>	<b>(634)</b>	<b>(25,815)</b>
Attributable to:		
Owners of the Company	<b>(628)</b>	(25,557)
Non-controlling interests	<b>(6)</b>	(258)
	<b>(634)</b>	<b>(25,815)</b>

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>CNY'000</i>	<i>CNY'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating activities	<b>(1,094)</b>	(898)
Financing activities	<b>1,102</b>	863
Net cash inflow/(outflow)	<b>8</b>	(35)

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <i>CNY'000</i> <b>(Unaudited)</b>	<b>2015</b> <i>CNY'000</i> <b>(Unaudited)</b>
Loss for the period attributable to owners of the Company from discontinued operations	<b>(628)</b>	(25,557)
Weighted average number of ordinary shares ('000 shares)		
Basic	<b><u>1,380,546</u></b>	<u>1,380,546</u>
Diluted	<b><u>1,380,546</u></b>	<u>1,380,546</u>
Loss per share attributable to owners of the Company (CNY per share):		
Basic, from discontinued operations	<b><u>*</u></b>	<u>(0.02)</u>
Diluted, from discontinued operations	<b><u>*</u></b>	<u>(0.02)</u>

\* Insignificant

## 5. REVENUE FROM CONTINUING OPERATIONS

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

## 6. FINANCE COSTS FROM CONTINUING OPERATIONS

	<b>Six months ended 30 June</b>	
	<b>2016</b> <i>CNY'000</i> <b>(Unaudited)</b>	<b>2015</b> <i>CNY'000</i> <b>(Unaudited)</b>
Interest on interest-bearing bank and other borrowings	<b>32,900</b>	64,410
Interest on payables for mining rights	<b>1,078</b>	(501)
Total interest expense	<b>33,978</b>	63,909
Less: capitalised interest ( <i>note 11</i> )	–	(4,967)
Bank charges	<b>472</b>	1,639
Discount interest	<b>8,032</b>	2,568
Foreign exchange loss	–	448
Accretion expenses	<b>475</b>	432
	<b><u>42,957</u></b>	<u>64,029</u>

## 7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>CNY'000</b>	<b>CNY'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Crediting:		
Interest income on bank deposits	2,226	437
Charging:		
Cost of inventories sold <sup>(a)</sup>	112,990	67,197
Sales tax and surcharge	10,147	6,721
Utilisation of safety fund and production maintenance fund	16,193	21,347
	<u>139,330</u>	<u>95,265</u>
Cost of sales		
Employee benefit expenses	53,520	47,970
Depreciation, depletion and amortisation:		
– Property, plant and equipment <i>(note 11)</i>	67,469	56,351
Impairment of property, plant and equipment	95,494	383,615
Write-down of inventories to net realisable value	–	1,258
Impairment of trade and bills receivables	4,739	–
Impairment of prepayments, deposits and other receivables	3,215	–
Repairs and maintenance	515	492
Losses arising from temporary suspension of production <sup>(b)</sup>	528	751

(a) Included in the cost of inventories sold are approximately CNY109.0 million for the Reporting Period (six months ended 30 June 2015: approximately CNY49.5 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. Since June 2014, Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine suspended production temporarily to facilitate inspection or 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<sup>#</sup>) and 納雍縣安全生產監督管理局 (Nayong County Administration Bureau of Work Safety<sup>#</sup>). In June 2015, Baiping Coal Mine suspended production temporarily 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 金沙縣安全生產監督管理局 (Jinsha County Administration Bureau of Work Safety<sup>#</sup>) according to the on-site inspection and assessment on the mining operations.

<sup>#</sup> *The English name is for identification purpose only*

## 8. INCOME TAX AND DEFERRED TAX FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2016 CNY'000 (Unaudited)	2015 CNY'000 (Unaudited)
Current – Mainland China	6,270	3,386
Deferred – Mainland China	<u>(2,410)</u>	<u>(93,485)</u>
	<u><b>3,860</b></u>	<u><b>(90,099)</b></u>

The Company was incorporated in the BVI and conducts its primary business through its subsidiaries in the PRC for the Reporting Period. 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 was 16.5% during the Reporting Period. 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 Reporting Period. 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 2016 CNY'000 (Unaudited)	At 31 December 2015 CNY'000 (Audited)
Deferred tax assets		
Capitalised pilot run income	16,408	16,910
Tax losses	30,133	24,051
Depreciation of property, plant and equipment	27,612	21,409
Others	<u>1,163</u>	<u>1,034</u>
	<u><b>75,316</b></u>	<u>63,404</u>
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	<u>(143,675)</u>	<u>(134,173)</u>
Net deferred tax liabilities	<u><b>(68,359)</b></u>	<u><b>(70,769)</b></u>
Classification in the consolidated statement of financial position:		
Deferred tax assets	<u><b>51,214</b></u>	<u>43,223</u>
Deferred tax liabilities	<u><b>(119,573)</b></u>	<u><b>(113,992)</b></u>

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.

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>CNY'000</b>	<b>CNY'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period attributable to owners of the Company:		
From continuing operations	<u><b>(164,888)</b></u>	<u>(388,101)</u>
From discontinued operations	<u><b>(628)</b></u>	<u>(25,557)</u>
Weighted average number of ordinary shares ('000 shares):		
Basic	<u><b>1,380,546</b></u>	<u>1,380,546</u>
Diluted	<u><b>1,380,546</b></u>	<u>1,380,546</u>
Loss per share attributable to owners of the Company (CNY per share):		
Basic		
From continuing operations	<u><b>(0.12)</b></u>	<u>(0.28)</u>
From discontinued operations	<u><b>*</b></u>	<u>(0.02)</u>
Diluted		
From continuing operations	<u><b>(0.12)</b></u>	<u>(0.28)</u>
From discontinued operations	<u><b>*</b></u>	<u>(0.02)</u>

\* Insignificant

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

## 10. DIVIDEND

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

## 11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress amounted to approximately CNY73.0 million (six months ended 30 June 2015: approximately CNY44.1 million) and approximately CNY39.1 million (six months ended 30 June 2015: approximately CNY73.3 million), respectively.

During the Reporting Period, the total depreciation accrued was approximately CNY67.5 million (six months ended 30 June 2015: approximately CNY56.4 million) (note 7).

As at 30 June 2016, certain mining rights with a carrying amount of approximately CNY507.2 million (31 December 2015: approximately CNY553.1 million) were pledged to secure bank loans with a carrying amount of approximately CNY562.1 million (31 December 2015: approximately CNY552.4 million) (note 14).

As at 30 June 2016, certain buildings with a carrying amount totalling approximately CNY86.0 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 2016.

Interest expenses of nil (six months ended 30 June 2015: approximately CNY5.0 million) arising from borrowings attributable to the construction of property, plant and equipment were capitalised at an annual rate of nil (six months ended 30 June 2015: 5.25% to 8.00%) and were included in “additions” to construction in progress and mining rights during the Reporting Period.

Operations have been suspended at Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“**Dayuan 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 required by the relevant Administration Bureau of Work Safety. The management planned to acquire a nearby coal mine to achieve certain production targets in accordance with Guizhou Province’s coal mine consolidation policy. However, the acquisition plan is temporarily suspended in 2016. Dayuan Coal Mine was designated as a single cash generating unit (“**CGU**”). The carrying value of the long-term assets was compared to the recoverable amount of the CGU, which was based predominantly on the fair-value-less-costs-of-disposal (“**FVLCD**”) of the assets which can be further utilised in future.

The Group incurred an impairment loss on property, plant and equipment of approximately CNY95.5 million for the Reporting Period in connection with Dayuan Coal Mine, as compared with approximately CNY383.6 million for the six months ended 30 June 2015 in connection with the decline in coal price and the temporary suspension of Liujiaba, Zhulinzhai and Dayuan Coal Mines, as well as an impairment loss of approximately CNY21.6 million which was recognised in the discontinued operations of Gouchang Coal Mine.

## 12. TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2016 CNY’000 (Unaudited)</b>	At 31 December 2015 CNY’000 (Audited)
Trade receivables	122,719	113,668
Less: provision for impairment	<u>4,798</u>	<u>59</u>
	<b>117,921</b>	113,609
Bills receivable	<u>8,022</u>	<u>1,927</u>
	<b><u>125,943</u></b>	<b><u>115,536</u></b>

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

	<b>At 30 June 2016 CNY’000 (Unaudited)</b>	At 31 December 2015 CNY’000 (Audited)
At the beginning of the period/year	59	–
Impairment loss recognised	<u>4,739</u>	<u>59</u>
At the end of the period/year	<b><u>4,798</u></b>	<b><u>59</u></b>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately CNY4.7 million (31 December 2015: approximately CNY0.06 million) with a carrying amount before provision of approximately CNY4.7 million (31 December 2015: approximately CNY0.06 million) as at 30 June 2016.

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 nil (31 December 2015: approximately CNY13.1 million) were pledged as security for short-term loans of nil (31 December 2015: approximately CNY11.0 million) as at 30 June 2016 (note 14).

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

	<b>At 30 June 2016 CNY'000 (Unaudited)</b>	At 31 December 2015 CNY'000 (Audited)
Within 3 months	42,557	15,824
3 to 6 months	5,115	27,028
6 to 12 months	8,472	52,079
Over 12 months	61,777	18,678
	<u>117,921</u>	<u>113,609</u>

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

	<b>At 30 June 2016 CNY'000 (Unaudited)</b>	At 31 December 2015 CNY'000 (Audited)
Neither past due nor impaired	42,557	15,824
Within one year past due	58,635	95,575
More than one year past due	16,729	2,210
	<u>117,921</u>	<u>113,609</u>

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.

### 13. TRADE AND BILLS PAYABLES

	<b>At 30 June 2016 CNY'000 (Unaudited)</b>	At 31 December 2015 CNY'000 (Audited)
Trade payables	191,211	236,565
Bills payable	460,000	255,000
	<u>651,211</u>	<u>491,565</u>

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

	At 30 June 2016 CNY'000 (Unaudited)	At 31 December 2015 CNY'000 (Audited)
Within one year	154,484	177,439
More than one year	36,727	59,126
	<u>191,211</u>	<u>236,565</u>

Bills payable are bills of exchange with maturity of less than one year. Time deposits of CNY320.0 million (31 December 2015: CNY195.0 million) were pledged to secure the bank bills as at 30 June 2016.

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.

#### 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2016 CNY'000 (Unaudited)	At 31 December 2015 CNY'000 (Audited)
<b>Current</b>		
Bank and other borrowings – guaranteed	80,000	160,000
Bank and other borrowings – secured and guaranteed	210,000	51,000
Current portion of long term bank and other borrowings – secured and guaranteed	316,195	320,600
Current portion of long term bank and other borrowings – unsecured	–	143,600
	<u>606,195</u>	<u>675,200</u>
<b>Non-current</b>		
Bank and other borrowings – guaranteed	148,000	148,000
Bank and other borrowings – secured and guaranteed	35,895	191,790
Bank and other borrowings – unsecured	–	45,000
	<u>183,895</u>	<u>384,790</u>
	<u>790,090</u>	<u>1,059,990</u>

Certain of the interest-bearing bank and other borrowings are secured by:

- 1) Pledges over the Group's mining rights with a carrying amount of approximately CNY507.2 million (31 December 2015: approximately CNY553.1 million) as at 30 June 2016 (note 11);
- 2) Pledges over the Company's equity interest in Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**") and Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**") as at 30 June 2016 and 31 December 2015; and
- 3) Pledges over the trade receivables in Guizhou Puxin with a carrying amount of nil (31 December 2015: approximately CNY13.1 million) as at 30 June 2016 (note 12).

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY642.1 million (31 December 2015: approximately CNY702.4 million) as at 30 June 2016. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY790.1 million (31 December 2015: approximately CNY850.4 million) as at 30 June 2016.

All borrowings are denominated in CNY.



## **EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

The following is an extract of report on review of interim financial information for the Reporting Period issued by the Group's independent auditors:

### **“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.

### **Emphasis of Matter**

Without qualifying our conclusion, we draw attention to note 2 to the interim financial information which indicates that the Group has net current liabilities of approximately CNY822.2 million and shareholders' deficit of approximately CNY540.4 million. This condition indicates the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern.”

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In the first half of 2016, China's economy remained weak, and the coal industry also remained in deep recession with the China Coal Price Index lingering at relatively low levels. In response to the unfavourable business environment, the Group reformulated its business strategy, which focused on customers' needs, quality management and production safety.

Apart from the existing coal washing plant, the Group constructed another simple coal washing facility and commenced the running of two high precision coal screening systems. By taking advantage of its own coal washing plant, coal washing facility, high precision coal screening systems, and its port handling river cargo, the Group was able to provide customised services to its customers by supplying coal with different specifications and stable quality. The Group focused on attracting premium customers including chemical plants operators and cement plants operators. Through convenient water transport and cost advantages, the Group eventually became one of the core suppliers to downstream premium customers. Although the overall coal industry suffered from serious oversupply, the Group managed to maintain sufficient demand at relatively high selling prices. In the first half of 2016, the selling price of the Group's products increased by 13.1% as compared to the same period in 2015. The Group also managed to generate total sales volume of 894,400 tonnes for the first half of 2016.

## **FINANCIAL REVIEW**

### **Continuing Operations**

#### *Revenue*

The Group's revenue increased by 83.3% from approximately CNY103.1 million for the six months ended 30 June 2015 to approximately CNY189.0 million for the Reporting Period. The increase in revenue during the Reporting Period was mainly due to the increase in sales volume and the rise in the average selling price of anthracite coal. The sales volume increased from 552,001 tonnes for the six months ended 30 June 2015 to 894,400 tonnes for the Reporting Period, representing a rise of 62.0%, which was mainly due to the larger customer base as a result of the commercial run of the coal washing plant and shipping port in the fourth quarter of 2015. In addition, the average selling price of anthracite coal increased from CNY186.8 per tonne for the six months ended 30 June 2015 to CNY211.4 per tonne for the Reporting Period, representing a rise of 13.1%, mainly due to the sale of processed coal (after coal washing). The Group derived revenue of processed coal was approximately CNY128.8 million with sales volume of 537,585 tonnes during the Reporting Period. The average selling price of processed coal was CNY239.5 per tonne, which was CNY70.0 per tonne higher than that of raw coal sold without washing.

#### *Cost of Sales*

The Group's cost of sales increased by 46.3% from approximately CNY95.3 million for the six months ended 30 June 2015 to approximately CNY139.3 million for the Reporting Period. This was primarily due to the increase in sales volume.

Labour costs for the Reporting Period was approximately CNY42.9 million, representing an increase of approximately CNY8.7 million, or approximately 25.4%, as compared with approximately CNY34.2 million for the six months ended 30 June 2015. The increase in labour costs was lower than the increase in sales volume of the Group's anthracite products for the Reporting Period because of the economies of scale of the two largest mines operation, Dayun Coal Mine and Yongsheng Coal Mine as well as the implementation of stringent cost control measures.

Material, fuel and energy costs for the Reporting Period were approximately CNY13.1 million, an increase of approximately CNY1.8 million, or approximately 15.2%, as compared with approximately CNY11.3 million for the six months ended 30 June 2015. The increase in material, fuel and energy costs was lower than the increase in sales volume of the Group's anthracite products for the Reporting Period as the Group's mine operation was beginning to realise some economies of scale as well as the implementation of stringent cost control measures.

Depreciation and amortisation for the Reporting Period were approximately CNY64.4 million, representing an increase of approximately CNY23.1 million, or approximately 56.0%, as compared with approximately CNY41.3 million for the six months ended 30 June 2015. 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 Dayun Coal Mine since July 2015, as well as the increase in production volume.

Sales tax and levies for the Reporting Period were approximately CNY10.1 million, an increase of approximately CNY3.4 million or approximately 50.7% as compared with approximately CNY6.7 million for the six months ended 30 June 2015. This was generally in line with the increase in sales volume of the Group's anthracite products for the Reporting Period.

Coal processing costs during the Reporting Period, which included coal screening costs and/or coal washing costs, was approximately CNY7.6 million. It comprised labour costs of approximately CNY4.0 million, material, fuel and energy costs of approximately CNY1.6 million, depreciation of approximately CNY1.6 million and other coal processing related costs of approximately CNY0.4 million.

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

<b>Cost Items for Coal Mining Activity</b>	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>CNY/tonne</i>	<i>CNY/tonne</i>
Labour costs	<b>47.9</b>	61.9
Raw materials, fuel and energy	<b>14.6</b>	20.6
Depreciation and amortisation	<b>72.1</b>	74.8
Sales tax and levies	<b>11.3</b>	12.2
Other production-related costs	<b>1.4</b>	3.2
	<hr/>	<hr/>
Total unit cost of sales for coal mining	<b>147.3</b>	172.7
	<hr/> <hr/>	<hr/> <hr/>

<b>Cost Items for Coal Processing Activity</b>	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>CNY/tonne</i>	<i>CNY/tonne</i>
Labour costs	<b>7.4</b>	–
Materials, fuel and energy	<b>3.0</b>	–
Depreciation	<b>3.0</b>	–
Other coal processing related costs	<b>0.6</b>	–
	<hr/>	<hr/>
Total unit cost of sales for coal processing	<b>14.0</b>	–
	<hr/> <hr/>	<hr/> <hr/>

***Gross Profit and Gross Margin***

As a result of the foregoing, the gross profit increased by approximately 531.6% from approximately CNY7.9 million for the six months ended 30 June 2015 to approximately CNY49.7 million for the Reporting Period. The gross margin increased from approximately 7.6% for the six months ended 30 June 2015 to 26.3% for the Reporting Period. This was mainly due to the rise in sales volume and average selling price as a result of the increase in sales of processed coal.

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

The Group incurred an impairment loss on property, plant and equipment of approximately CNY95.5 million for the Reporting Period in connection with Dayuan Coal Mine, as compared with approximately CNY383.6 million for the six months ended 30 June 2015 in connection with the decline in coal price and the temporary suspension of Liujiaba, Zhulinzhai and Dayuan Coal Mines, as well as an impairment loss of approximately CNY21.6 million which was recognised in the discontinued operations of Gouchang Coal Mine.

### ***Other Operating Expenses***

Other operating expenses increased to approximately CNY16.7 million for the Reporting Period from approximately CNY0.8 million for the six months ended 30 June 2015 primarily as a result of the compensation paid to local residents for repairing the damaged houses or relocation affected by the mine's operations of the Group.

### ***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 approximately CNY164.9 million, a decrease of approximately CNY223.2 million from the loss of approximately CNY388.1 million for the six months ended 30 June 2015. This was mainly caused by (i) the approximately CNY288.1 million decrease in impairment loss of coal mines from approximately CNY383.6 million of Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine to approximately CNY95.5 million of Dayuan Coal Mine for the Reporting Period; (ii) the increase of approximately CNY41.8 million in gross profit resulting from the increase in sales volume and the rise in average selling price as a result of the increase in sales of processed coal during the Reporting Period; and (iii) the decrease of approximately CNY21.1 million in finance cost due to the repayment of bank and other borrowings during the Reporting Period. The decrease in loss was partially offset by (i) an increase of approximately CNY94.0 million in deferred income tax expense mainly due to a decrease of impairment loss on property, plant and equipment; (ii) an increase of approximately CNY15.9 million in other operating expenses mainly due to the compensation paid to local residents for repairing the damaged houses or relocation affected by the mine's operations of the Group; and (iii) an increase of approximately CNY8.8 million in administrative expenses mainly due to an increase of impairment loss on trade receivables during the Reporting Period.

### **Discontinued Operations**

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

During the Reporting Period, all works at Gouchang Coal Mine were substantially stopped, therefore the operating results have been reclassified as discontinued operations.

## **FINANCIAL RESOURCES REVIEW**

### **Liquidity, Financial Resources and Capital Structure**

As at 31 December 2015 and 30 June 2016, the Group had net current liabilities of approximately CNY883.1 million and approximately CNY822.2 million, respectively. All the borrowings are denominated in CNY. The Group did 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.

No equity fund raising activity was conducted by the Company during the Reporting Period. As at 30 June 2016, the Group had cash and cash equivalents of approximately CNY72.6 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2016, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY606.2 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY183.9 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him and some of the Group's bank borrowings are secured by pledges of the mining rights and equity interests in Guizhou Puxin and Guizhou Dayun. As at 30 June 2016, loan amounting to approximately CNY100.0 million carried interest at fixed rate ranging from 4.785% to 6.09% per annum. The remaining loans carried interest at floating rate ranging from 5.22% to 7.125% per annum.

### **Currency Exposure and Management**

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

### **Capital Commitments**

As at 30 June 2016, 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 approximately CNY40.5 million.

### **Contingent Liabilities**

As at 30 June 2016, 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 2015 and 30 June 2016, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year/Reporting Period and multiplying by 100%) was 151.8% and 284.1%, respectively. The gearing ratio increased in 2016 as the Group incurred an impairment loss on property, plant and equipment.

### **INTERIM DIVIDEND**

The Board did not declare an interim dividend for the Reporting Period (six months ended 30 June 2015: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2016, the Group employed 318 full time employees (not including 798 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY69.0 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2015: approximately CNY58.3 million). The Group recognises the importance of attracting and retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

## **PROSPECTS**

In order to further enhance and take advantage of its marketing, logistical, and coal washing capabilities, the Group intends to carry out coal trading and washing business and expand the existing port, transportation belt and coal washing plant. It also plans to acquire the nearby high quality excess coal inventories, and through coal washing and water transport, distribute them to premium downstream customers including chemical plants and cement plants. The Group aims to gradually become one of the integrated coal supply industry leaders in the southwest China region.

The Company will also consider other business projects that can provide its shareholders with promising returns and benefit the Group as a whole as and when suitable opportunities arise.

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

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

## **CORPORATE GOVERNANCE PRACTICES**

During the Reporting Period, the Company complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules, save and except for code provisions A.2.1 and E.1.2 as set out below.

### **Chairman and Chief Executive**

Prior to the appointment of the new chief executive officer on 29 March 2016, Mr. LI Feilie was the chairman and chief executive officer of the Company. He was mainly responsible for the Group's overall strategies, planning, management and business development.

At the Board meetings held on 29 March 2016 and 26 July 2016, Mr. LI Feilie stepped down from the position of chief executive officer, and chairman and executive Director, respectively, and Mr. HAN Weibing, the former chief operating officer of the Company, was appointed as the chief executive officer and chairman of the Company with immediate effect, respectively. Mr. HAN is primarily responsible for overseeing the day-to-day management and operations of the Group.



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 up to 29 March 2016 and with Mr. HAN Weibing being the chairman and chief executive officer of the Company concurrently starting from 26 July 2016. Notwithstanding the above, the Board considers that this arrangement is in the best interests of the Group as it allows for efficient discharge of the executive functions of the chief executive officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and senior management as well as the relevant Board committees. The Board is therefore of the view that there are adequate measures in place to balance power and safeguards shareholders' interests.

### **Attendance of Chairmen at General Meeting**

Code provision E.1.2 of the CG Code stipulates the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this, his duly appointed delegate, to attend. Mr. LI Feilie, chairman of the Board as at the date of the annual general meeting, did not attend the annual general meeting of the Company held on 31 May 2016 (the "2016 AGM") due to his tight business schedule. Mr. HAN Weibing, the chief executive officer and executive Director, was elected by the Directors to chair the 2016 AGM. Mr. HUANG Songzhong, the chairman of the remuneration committee and the corporate social responsibility committee of the Company, did not attend the 2016 AGM due to travel document issue.

### **SUBSEQUENT EVENTS**

There is no material event undertaken by the Company or the Group subsequent to 30 June 2016 and up to the date of this announcement.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

### **REVIEW OF INTERIM RESULTS**

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process 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 interim financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the Company's auditors, Ernst & Young, and the Audit Committee.

## **PUBLICATION OF INTERIM REPORT**

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

## **APPRECIATION**

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

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

Hong Kong, 26 August 2016

*As at the date of this announcement, the executive Directors are Mr. HAN Weibing (Chairman and Chief Executive Officer), Mr. WAN Huojin, Mr. TAM Cheuk Ho, Mr. WONG Wah On Edward and Mr. YUE Ming Wai Bonaventure; and the independent non-executive Directors are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HUANG Songzhong.*