FEISHANG

Feishang Anthracite Resources Limited
飛尚無煙煤資源有限公司
(Incorporated in the British Virgin Islands with limited liability)
(Stock code: 1738)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023

- Revenue from continuing operations decreased by approximately 38.2% to approximately CNY990.8 million
- Gross profit from continuing operations decreased by approximately 64.8% to approximately CNY232.5 million
- Loss attributable to owners of the parent from continuing operations for the year ended 31 December 2023 was approximately CNY492.8 million, compared to a profit of approximately CNY26.0 million for the year ended 31 December 2022
- Basic loss per share from continuing operations was approximately CNY0.36

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2023

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
CONTINUING OPERATIONS			
Revenue	5	**990,786**	1,603,197
Cost of sales		**(758,332)**	(942,674)
Gross profit		**232,454**	660,523
Selling and distribution expenses		**(99,744)**	(118,478)
Administrative expenses		**(165,104)**	(160,604)
Impairment losses on financial assets, net	7	**(4,434)**	(2,745)
Impairment losses on property, plant and equipment	7	**(262,726)**	–
Other operating expenses, net		**(48,517)**	(94,397)
Finance costs	6	**(142,590)**	(152,638)
Interest income	7	**2,052**	575
Share of profit and loss of associates		**–**	(157)
(LOSS)/PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	7	**(488,609)**	132,079
Income tax	8	**(30,463)**	(58,134)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(519,072)**	73,945
DISCONTINUED OPERATIONS			
(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	4	**(594)**	27,115
(LOSS)/PROFIT FOR THE YEAR		**(519,666)**	101,060

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

YEAR ENDED 31 DECEMBER 2023

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		**(492,829)**	25,985
From discontinued operations		**(589)**	27,122
		(493,418)	53,107
Non-controlling interests			
From continuing operations		**(26,243)**	47,960
From discontinued operations		**(5)**	(7)
		(26,248)	47,953
		(519,666)	101,060
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For (loss)/profit from continuing operations	9	**(0.36)**	0.02
– For (loss)/profit from discontinued operations	9	*	0.02
– Net (loss)/earnings per share	9	**(0.36)**	0.04

* *Insignificant*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
(LOSS)/PROFIT FOR THE YEAR	**(519,666)**	101,060
Other comprehensive income:		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,771)**	(10,850)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,441**	10,054
Total other comprehensive loss for the year, net of tax	**(330)**	(796)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(519,996)**	100,264
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**(493,159)**	25,189
From discontinued operations	**(589)**	27,122
	(493,748)	52,311
Non-controlling interests		
From continuing operations	**(26,243)**	47,960
From discontinued operations	**(5)**	(7)
	(26,248)	47,953
	(519,996)	100,264

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,528,870**	2,615,683
Right-of-use assets	*12(a)*	**269,098**	286,830
Rehabilitation fund		**17,285**	12,448
Prepayments and other receivables		**34,285**	52,583
Investments in associates		**–**	–
Deferred tax assets	*8*	**14,633**	56,071
TOTAL NON-CURRENT ASSETS		**2,864,171**	3,023,615
CURRENT ASSETS			
Inventories		**60,555**	38,688
Trade and bills receivables	*13*	**9,316**	82,042
Prepayments and other receivables		**114,797**	104,554
Financial assets at fair value through profit or loss		**–**	7,031
Pledged deposits		**46,934**	37,369
Cash and cash equivalents		**10,107**	24,713
TOTAL CURRENT ASSETS		**241,709**	294,397
TOTAL ASSETS		**3,105,880**	3,318,012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 DECEMBER 2023

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*14*	**948,910**	906,998
Other payables and accruals		**921,783**	619,205
Interest-bearing bank and other borrowings	*15*	**1,702,875**	1,496,404
Lease liabilities	*12(b)*	**64,614**	84,108
Interest payable		**41,553**	44,032
Income tax payable		**55,679**	85,773
Mining right payables		**43,783**	69,613
TOTAL CURRENT LIABILITIES		**3,779,197**	3,306,133
NON-CURRENT LIABILITIES			
Due to the Shareholder		**14,463**	12,359
Due to a related company		**165,407**	144,686
Interest-bearing bank and other borrowings	*15*	**35,125**	214,897
Lease liabilities	*12(b)*	**67,455**	48,551
Deferred tax liabilities	*8*	**74,062**	85,326
Mining rights payables		**–**	23,400
Deferred income		**12,903**	15,706
Asset retirement obligations		**15,790**	14,763
TOTAL NON-CURRENT LIABILITIES		**385,205**	559,688
TOTAL LIABILITIES		**4,164,402**	3,865,821
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(1,283,705)**	(797,974)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(1,282,624)**	(796,893)
NON-CONTROLLING INTERESTS		**224,102**	249,084
TOTAL EQUITY		**(1,058,522)**	(547,809)
TOTAL LIABILITIES AND EQUITY		**3,105,880**	3,318,012

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

As at 31 December 2023, the Group had net current liabilities of approximately CNY3,537.5 million (31 December 2022: CNY3,011.7 million) and total assets less current liabilities of approximately negative CNY673.3 million (31 December 2022 (restated): CNY11.9 million).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Going concern

As at 31 December 2023, the Group had net current liabilities of approximately CNY3,537.5 million and shareholders' deficit of approximately CNY1,058.5 million. In view of these circumstances, the Directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd. (**"Feishang Enterprise"**), controlled by Mr. LI Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in Note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statements of financial position:

		Increase/(decrease)		
		As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	Note	***CNY'000***	*CNY'000*	*CNY'000*
Assets				
Deferred tax assets	*(i)*	**36**	288	491
Total non-current assets		**36**	288	491
Total assets		**36**	288	491
Liabilities				
Deferred tax liabilities	*(i)*	**37**	263	490
Total non-current liabilities		**37**	263	490
Total liabilities		**37**	263	490
Net (liabilities)/assets		**(1)**	25	1
Equity				
Accumulated (losses)/retained profits (included in reserves)		**(1)**	25	1
Equity attributable to owners of the parent		**(1)**	25	1
Non-controlling interests		**–**	–	–
Total equity		**(1)**	25	1

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the consolidated statement of financial position for presentation purposes.

Impact on the consolidated statements of profit or loss:

	Increase/(decrease) For the year ended 31 December 2023 *CNY'000*	2022 *CNY'000*
Income tax credit from continuing operations	**–**	24
Income tax expense from continuing operations	**(26)**	–
(Loss)/profit for the year from continuing operations	**(26)**	24
(Loss)/profit for the year	**(26)**	24
Attributable to:		
Owners of the parent	**(26)**	24
Non-controlling interests	**–**	–
	(26)	24

Impact on the consolidated statements of comprehensive income:

	2023 *CNY'000*	2022 *CNY'000*
Total comprehensive (loss)/income for the year	**(26)**	24
Attributable to:		
Owners of the parent	**(26)**	24
Non-controlling interests	**–**	–
	(26)	24

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. **OPERATING SEGMENT INFORMATION**

During the year ended 31 December 2023, the Group had only one operating segment: extraction and sale of anthracite coal and trading of anthracite coal.

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment. The Group conducts its principal operation in Chinese Mainland. The Group's management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

Geographic information

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

Information about major customers

During the year ended 31 December 2023, revenue derived from sales to three customers accounted for 16.5%, 14.4% and 11.2% of the consolidated revenue, respectively. During the year ended 31 December 2022, revenue derived from sales to three customers accounted for 15.9%, 11.9% and 10.6% of the consolidated revenue, respectively.

4. **DISCONTINUED OPERATIONS**

(a) **Discontinued operation of Gouchang Coal Mine**

Gouchang Coal Mine is a coal mine located in Guizhou Province, the PRC, which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposal approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. In the year of 2023, substantially all the work at Gouchang Coal Mine had ceased, and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the consolidated statement of profit or loss for the year ended 31 December 2023.

The results of Gouchang Coal Mine for the years ended 31 December 2023 and 2022 are presented below:

	2023	2022
	CNY'000	*CNY'000*
Finance costs	**–**	(1)
Administrative expenses	**(594)**	(708)
LOSS BEFORE INCOME TAX	**(594)**	(709)
Income tax expense	**–**	–
LOSS FOR THE YEAR FROM THE DISCONTINUED OPERATION	**(594)**	(709)
Attributable to:		
Owners of the parent	**(589)**	(702)
Non-controlling interest	**(5)**	(7)
	(594)	(709)

* *For identification purposes only*

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

	2023	2022
	CNY'000	*CNY'000*
Operating activities	**(646)**	(741)
Financing activities	**865**	684
Net cash inflow/(outflow)	**219**	(57)

(b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. ("Guizhou Dayuan")

On 24 May 2019, Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**"), a wholly-owned subsidiary of the Group, entered into an agreement with Guiyang Baoshun Energy Co., Ltd. ("**Baoshun**"), an independent third party, to dispose of its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. As at 31 December 2021, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation.

On 28 March 2022, the disposal of Guizhou Dayuan was completed upon the transfer of Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan to Baoshun and the adjusted total cash consideration of CNY50.0 million was fully paid by Baoshun in prior years. During the period ended 28 March 2022, Guizhou Dayuan was classified as a discontinued operation. In addition, the gain recognised on the disposal of Guizhou Dayuan is included in the results of the discontinued operation.

The results of the discontinued operation are presented below:

	For the period from 1 January 2022 to 28 March 2022
	CNY'000
Revenue	**8,140**
Cost of sales	**(3,117)**
Gross profit	**5,023**
Administrative expenses	**(4,599)**
Finance costs	**(34)**
Other operating income, net	**1,556**
Profit from the discontinued operation	**1,946**
Gain on disposal of the discontinued operation	**25,878**
PROFIT BEFORE INCOME TAX FROM THE DISCONTINUED OPERATION	**27,824**
Income tax expense	**–**
PROFIT FOR THE PERIOD FROM THE DISCONTINUED OPERATION	**27,824**
Attributable to:	
Owners of the parent	**27,824**
Non-controlling interests	**–**
	27,824

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

	2023	2022
	CNY'000	*CNY'000*
(Loss)/profit for the year attributable to ordinary equity holders of the parent from discontinued operations	**(589)**	27,122
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	**1,380,546**	1,380,546
(Loss)/earnings per share attributable to ordinary equity holders of the parent from discontinued operations (CNY per share):		
Basic and diluted	*	0.02

* *Insignificant*

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2023	2022
	CNY'000	*CNY'000*
Revenue from contracts with customers	**990,786**	1,603,197

(i) Disaggregated revenue information

	2023	2022
	CNY'000	*CNY'000*
Types of goods or services		
Sale of coal	**990,646**	1,602,737
Coal trading	**140**	460
	990,786	1,603,197
Geographic market		
Chinese Mainland	**990,786**	1,603,197
Timing of revenue recognition		
Goods transferred at a point of time	**990,786**	1,603,197

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

	2023	2022
	CNY'000	*CNY'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	**86,569**	87,297

(ii) **Performance obligations**

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

Sale of coal

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

Coal trading

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

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2023	2022
	CNY'000	*CNY'000*
Interest on interest-bearing bank and other borrowings	**123,794**	126,616
Interest on lease liabilities *(Note 12(b)/Note 12(c))*	**6,302**	10,581
Interest on payables for mining rights	**2,145**	6,367
Total interest expense	**132,241**	143,564
Bank charges	**572**	301
Discount coupon	**8,750**	7,814
Accretion expenses	**1,027**	959
	142,590	152,638

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

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

	2023	2022
	CNY'000	*CNY'000*
Interest income on bank deposits	**(2,052)**	(575)
Government grant (a)	**(24,464)**	(16,097)
Cost of inventories sold (b)	**571,831**	721,916
Sales tax and surcharge	**64,016**	78,218
Utilisation of safety fund and production maintenance fund	**122,485**	142,540
Cost of sales	**758,332**	942,674
Employee benefit expenses	**309,634**	370,918
Depreciation, depletion and amortisation:		
– Property, plant and equipment *(Note 11)*	**213,065**	300,841
– Right-of-use assets *(Note 12(a)/Note 12(c))*	**22,590**	25,387
Lease payments not included in the measurement of lease liabilities *(Note 12(c))*	**1,221**	865
Auditors' remuneration:		
– Audit fee	**3,200**	2,980
Impairment losses on financial assets, net	**4,434**	2,745
Impairment losses on property, plant and equipment *(Note 11)*	**262,726**	–
Gains from financial assets at fair value through profit or loss	**(251)**	(638)
(Gain) /loss on disposal of property, plant and equipment	**(413)**	3,379
Transportation fee	**71,324**	87,249

(a) The government grant with a total amount of approximately CNY24.5 million was included in other operating income for the year ended 31 December 2023 (2022: approximately CNY16.1 million).

(b) Included in the cost of inventories sold is a total amount of approximately CNY416.3 million for the year ended 31 December 2023 (2022: approximately CNY572.8 million) relating to employee benefit expenses and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expenses.

8. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Chinese Mainland. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2023 (2022: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong sourced and non-Hong Kong sourced incomes. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong sourced income, no provision for Hong Kong profits tax was made as this operation incurred tax losses during the years ended 31 December 2023 and 2022. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on the corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**"), the tax rate applicable to PRC group entities was 25% during the years ended 31 December 2023 and 2022 except that Jinsha Juli Energy Co., Ltd. ("**Jinsha Juli**") was entitled to the preferential tax rate of 15% according to the approval opinion issued by Guizhou Provincial Development and Reform Commission in June 2022, because the technique adopted by its operating business meets the criterion of "Catalogue of Encouraged Industries in Western Regions (2020 Version)".

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

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

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
Current – Chinese Mainland	**289**	37,483
Deferred – Chinese Mainland	**30,174**	20,651
	30,463	58,134

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

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
(Loss)/profit before income tax from continuing operations	**(488,609)**	132,079
Tax at the statutory tax rate of 25%	**(122,152)**	33,020
Effect of different tax rates of the Company and subsidiaries of the Group	**165**	(10,793)
Non-deductible expenses	**9,134**	9,799
Tax losses not recognised	**150,964**	42,436
Tax refund of previous years	**–**	(15,877)
Tax losses utilised from previous years	**(7,732)**	–
Effect on opening deferred tax of decrease in rates	**–**	(464)
Others	**84**	13
Income tax charge from continuing operations	**30,463**	58,134

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

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
Deferred tax assets		
Accruals and other payables	**4,577**	3,989
Asset retirement obligations	**3,802**	3,554
Capitalised pilot run income	**8,726**	9,592
Tax losses	**52,260**	48,285
Depreciation of property, plant and equipment	**–**	30,001
Right-of-use assets	**4,417**	11,338
Bad debt provision	**5,623**	5,664
	79,405	112,423
Deferred tax liabilities		
Dismantle assets	**(1,066)**	(1,084)
Lease liabilities	**(2,431)**	(6,319)
Depreciation and fair value adjustment of property, plant and equipment	**(135,337)**	(134,275)
	(138,834)	(141,678)
Net deferred tax liabilities	**(59,429)**	(29,255)
Classification in the consolidated statement of financial position:		
Deferred tax assets	**14,633**	56,071
Deferred tax liabilities	**(74,062)**	(85,326)

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

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

The total amounts of unused tax losses for which no deferred tax assets were recognised amounted to approximately CNY1,280.8 million and CNY754.6 million as at 31 December 2023 and 2022, respectively. As at 31 December 2023, unused tax losses not utilised of approximately CNY96.9 million, CNY193.1 million, CNY217.2 million, CNY169.8 million and CNY603.8 million will expire by end of 2024, 2025, 2026, 2027 and 2028, respectively.

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

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
At the beginning of the year	**(29,255)**	(8,604)
Charged to the consolidated statement of profit or loss	**(30,174)**	(20,651)
At the end of the year	**(59,429)**	(29,255)

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

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

	2023	2022
	CNY'000	*CNY'000*
		(Restated)
(Loss)/profit for the year attributable to ordinary equity holders of the parent:		
From continuing operations	**(492,829)**	25,985
From discontinued operations	**(589)**	27,122
	(493,418)	53,107
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	**1,380,546**	1,380,546
(Loss)/earnings per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
From continuing operations	**(0.36)**	0.02
From discontinued operations	*	0.02
	(0.36)	0.04

* *Insignificant*

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2023 (2022: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings *CNY'000*	Mining structures *CNY'000*	Mining rights *CNY'000*	Machinery and equipment *CNY'000*	Motor vehicles *CNY'000*	Construction in progress ("CIP") *CNY'000*	Total CNY'000
As at 1 January 2022							
Cost	131,383	2,358,646	1,187,882	671,480	69,392	359,572	4,778,355
Accumulated depreciation	(31,658)	(1,024,027)	(154,935)	(370,672)	(52,617)	–	(1,633,909)
Accumulated impairment losses	(5,525)	(109,415)	(510,936)	(27,063)	(437)	(5,298)	(658,674)
Net carrying amount	94,200	1,225,204	522,011	273,745	16,338	354,274	2,485,772
Year ended 31 December 2022							
Beginning of the year	94,200	1,225,204	522,011	273,745	16,338	354,274	2,485,772
Additions	38	14,885	49,230	55,795	994	229,309	350,251
Transfer from CIP	–	163,234	–	–	–	(163,234)	–
Disposals	–	(2,489)	–	(895)	–	–	(3,384)
Depreciation charge	(1,706)	(222,160)	(19,567)	(55,166)	(2,242)	–	(300,841)
Reclassified from right-of-use assets	–	–	–	83,885	–	–	83,885
End of the year	92,532	1,178,674	551,674	357,364	15,090	420,349	2,615,683
As at 1 January 2023							
Cost	131,421	2,533,278	1,237,112	808,900	70,386	425,647	5,206,744
Accumulated depreciation	(33,364)	(1,245,189)	(174,502)	(424,473)	(54,859)	–	(1,932,387)
Accumulated impairment losses	(5,525)	(109,415)	(510,936)	(27,063)	(437)	(5,298)	(658,674)
Net carrying amount	92,532	1,178,674	551,674	357,364	15,090	420,349	2,615,683
Year ended 31 December 2023							
Beginning of the year	92,532	1,178,674	551,674	357,364	15,090	420,349	2,615,683
Additions	2,854	60,912	–	26,913	1,022	231,610	323,311
Transfer from CIP	23,672	108,809	–	2,970	–	(135,451)	–
Disposals	–	–	–	(56)	(21)	–	(77)
Depreciation charge	(2,083)	(150,106)	(15,167)	(44,606)	(1,103)	–	(213,065)
Impairment charge	(8,624)	(130,653)	(39,657)	(74,767)	(9,025)	–	(262,726)
Reclassified from right-of-use assets	–	–	–	109,308	–	–	109,308
Other decrease	–	–	(43,564)	–	–	–	(43,564)
End of the year	108,351	1,067,636	453,286	377,126	5,963	516,508	2,528,870
As at 31 December 2023							
Cost	157,947	2,702,999	1,032,681	947,948	70,998	521,806	5,434,379
Accumulated depreciation	(35,447)	(1,395,295)	(183,163)	(468,992)	(55,573)	–	(2,138,470)
Accumulated impairment losses	(14,149)	(240,068)	(396,232)	(101,830)	(9,462)	(5,298)	(767,039)
Net carrying amount	108,351	1,067,636	453,286	377,126	5,963	516,508	2,528,870

As at 31 December 2023, certain mining rights with a carrying amount of approximately CNY453.3 million (31 December 2022: CNY508.1 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,371.2 million (31 December 2022: CNY1,532.6 million) (Note 15).

As at 31 December 2023, certain mining structure, machinery and equipment with a carrying amount of approximately CNY171.0 million (31 December 2022: CNY105.5 million) were pledged to secure bank loans with a carrying amount of CNY109.6 million (31 December 2022: CNY43.7 million) (Note 15).

As at 31 December 2023, certain buildings with a carrying amount totalling approximately CNY108.4 million (31 December 2022: CNY92.5 million) were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current use. The Directors are of the view that the Group was entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of the year.

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

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

Due to continual operation losses in certain coal mines in 2023, the Company performed impairment assessments, impairment losses for property, plant and equipment of Liujiaba Coal Mine amounting to approximately CNY262.7 million (2022: Nil) were recognised after considering the recoverable amount. The recoverable amount of such CGU was approximately CNY118.2 million as at 31 December 2023.

Value-in-use calculations use pre-tax cash flow projections based on the 2023 financial budgets approved by management and are extrapolated using the same cash flow projections of the remaining years with changes being made to reflect the estimated changes in future market or economic conditions. Other key assumptions applied in the impairment testing include the future sales volume, coal sales price and operating cost. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax and non-inflation rate ranging from 8.78% to 10.52% (2022: 9.91% to 10.51%) as the discount rate that reflects specific risks related to the CGUs. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. These estimates and judgements may be significantly affected by unexpected changes in the future market or economic conditions.

12. LEASES

(a) Right-of-use assets

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

	Leasehold land	**Machinery and equipment**	**Buildings**	**Total**
	CNY'000	*CNY'000*	*CNY'000*	*CNY'000*
As at 1 January 2022	54,514	270,265	5,459	330,238
Additions	1,050	63,937	877	65,864
Depreciation charge	(541)	(22,788)	(2,058)	(25,387)
Reclassified to property, plant and equipment	–	(83,885)	–	(83,885)

	Leasehold land *CNY'000*	Machinery and equipment *CNY'000*	Buildings *CNY'000*	Total *CNY'000*
As at 31 December 2022 and 1 January 2023	**55,023**	**227,529**	**4,278**	**286,830**
Additions	18,780	95,386	–	114,166
Depreciation charge	(474)	(20,446)	(1,670)	(22,590)
Reclassified to property, plant and equipment	–	(109,308)	–	(109,308)
As at 31 December 2023	**73,329**	**193,161**	**2,608**	**269,098**

(b) **Lease liabilities**

	2023 ***CNY'000***	2022 *CNY'000*
Carrying amount at 1 January	**132,659**	178,087
New leases	**114,166**	65,864
Accretion of interest recognised during the year *(Note 6)*	**6,302**	10,581
Payments	**(121,058)**	(121,873)
Carrying amount at 31 December	**132,069**	132,659
Analysed into:		
Current portion	**64,614**	84,108
Non-current portion	**67,455**	48,551

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

	2023 ***CNY'000***	2022 *CNY'000*
Interest on lease liabilities *(Note 6)*	**6,302**	10,581
Depreciation charge of right-of-use assets *(Note 7)*	**22,590**	25,387
Expense relating to leases of low-value assets (included in administrative expenses)	**1,221**	865
Total amount recognised in profit or loss	**30,113**	36,833

13. TRADE AND BILLS RECEIVABLES

	2023 ***CNY'000***	2022 *CNY'000*
Trade receivables	**59,198**	126,727
Less: Provision for impairment	**(53,236)**	(53,501)
	5,962	73,226
Bills receivable	**3,354**	8,816
	9,316	82,042

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

Trade receivables (including inter-company trade receivables) of approximately CNY52.3 million (31 December 2022: CNY72.1 million) were pledged as security for short-term loans of CNY48.5 million (31 December 2022: CNY50.0 million) as at 31 December 2023 (Note 15).

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

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

	2023	2022
	CNY'000	*CNY'000*
Within 3 months	**2,979**	69,483
3 to 6 months	**–**	373
6 to 12 months	**–**	385
Over 12 months	**2,983**	2,985
	5,962	73,226

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

	2023	2022
	CNY'000	*CNY'000*
At the beginning of the year	**53,501**	53,357
Impairment loss recognised	**–**	3,715
Reversal of impairment	**(265)**	(3,571)
At the end of the year	**53,236**	53,501

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

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

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

As at 31 December 2023

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Expected credit loss rate	**1%**	**17%**	**50%**	**63%**	**99%**	**100%**	
Gross carrying amount (CNY'000)	**3,022**	**1,248**	**1,735**	**2,849**	**1,150**	**49,194**	**59,198**
Expected credit losses (CNY'000)	**43**	**209**	**854**	**1,797**	**1,139**	**49,194**	**53,236**
Net carrying amount (CNY'000)	**2,979**	**1,039**	**881**	**1,052**	**11**	**–**	**5,962**

As at 31 December 2022

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

14. TRADE AND BILLS PAYABLES

	2023	2022
	CNY'000	*CNY'000*
Trade payables (a)	**892,910**	861,998
Bills payable (b)	**56,000**	45,000
	948,910	906,998

(a) Included in trade payables were amounts of approximately CNY544.0 million (31 December 2022: CNY445.2 million) due to contractors related to construction as at 31 December 2023.

(b) Pledged deposits of CNY28.0 million (31 December 2022: CNY35.0 million) were pledged to secure the bank bills as at 31 December 2023.

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

	2023	2022
	CNY'000	*CNY'000*
Within 1 year	**486,711**	397,766
Between 1 and 2 years	**357,058**	424,334
Over 2 years	**49,141**	39,898
	892,910	861,998

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

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

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023	2022
	CNY'000	*CNY'000*
Current		
Bank and other borrowings – guaranteed	**149,092**	85,000
Bank and other borrowings – secured	**48,500**	50,000
Bank and other borrowings – secured and guaranteed	**1,276,241**	1,245,096
Current portion of long-term bank and other borrowings – secured and guaranteed	**225,750**	116,308
Current portion of long-term bank and other borrowings – guaranteed	**3,292**	–
	1,702,875	1,496,404
Non-current		
Bank and other borrowings – secured and guaranteed	**33,257**	214,897
Bank and other borrowings – guaranteed	**1,868**	–
	35,125	214,897
	1,738,000	1,711,301

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 CNY453.3 million (31 December 2022: CNY508.1 million) as at 31 December 2023 (Note 11);

(2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**"), Jinsha Baiping Mining Co., Ltd. ("**Baiping Mining**"), Liuzhi Xinsong Coal Mining Co., Ltd. ("**Xinsong Coal**") and Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") as at 31 December 2023 and pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun and Baiping Mining as at 31 December 2022;

(3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of approximately CNY52.3 million (31 December 2022: approximately CNY72.1 million) as at 31 December 2023 (Note 13);

(4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun with a carrying amount of approximately CNY83.9 million, by Baiping Mining with a carrying amount of approximately CNY19.1 million and by Xinsong Coal with a carrying amount of approximately CNY68.0 million (31 December 2022: approximately CNY83.5 million owned by Guizhou Dayun and approximately CNY22.0 million owned by Baiping Mining) as at 31 December 2023 (Note 11); and

(5) a pledge of a deposit with a carrying amount of CNY15.0 million (31 December 2022: Nil) as at 31 December 2023.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,614.3 million (31 December 2022: approximately CNY1,661.3 million) as at 31 December 2023. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,584.3 million (31 December 2022: approximately CNY1,661.3 million) as at 31 December 2023.

All borrowings are denominated in CNY.

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

	2023	2022
	%	*%*
Fixed-rate bank and other borrowings	**4.90~10.51**	5.95~9.29
Floating-rate bank and other borrowings	**6.77~7.35**	6.78~7.35

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

	2023	2022
	CNY'000	*CNY'000*
Bank and other borrowings repayable:		
Within one year or on demand	**1,702,875**	1,496,404
In the second year	**24,510**	95,098
In the third to fifth years, inclusive	**10,615**	119,799
	1,738,000	1,711,301

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2023 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that as at 31 December 2023 the Group had net current liabilities of CNY3,537.5 million and shareholders' deficit of CNY1,058.5 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2023, China's economic recovery was not as strong as expected, partly caused by a sharp slowdown in the real estate sector. External risks and uncertainties, including the ongoing Russia-Ukraine conflict, interest rate hikes of many major economies and the associated potential recession, and Sino-US friction and technology blockade, also continued to pose challenges to China's economy and Chinese enterprises. During the second half of the year, the central government stepped up policy efforts to resolve the real estate market risk and local government debt risk and to stabilise China's economy. A series of targeted expansionary fiscal and monetary policies and highly supportive industrial policies were implemented. Macroeconomic indicators revealed that the economy was self-repairing and gradually recovering, though at a pace below expectation. In 2023, China's gross domestic product ("**GDP**") grew at a year-on-year ("**YOY**") rate of 5.2%.

Within the coal industry in 2023, coal supply was sufficient relative to demand in the first half of the year, leading to piling up coal industry inventories, and supply and demand went back to a tight balance in the second half. There was a notable decline in the price of coal in the first half of the year, whilst a V-shape price rebound occurred in the second half. Overall, the average price of thermal coal in ports in 2023 notably declined as compared to 2022 but still remained at a relatively high level.

On the supply side, there has been a lack of elasticity in coal supply due to supply-side reform, persistently low capital expenditures, long construction cycles and tight safety and environmental regulation, but the policy of securing coal supply was still an important force to expand production capacity and increase output. Most existing coal mines were producing at full capacity. Although domestic raw coal production increased by 4.4% YOY in the first half of 2023, there was only a negligible YOY increase for the whole year data due to tightened safety supervision in the second half of the year. Meanwhile, owing to the easing of geopolitical tensions, international coal price advantage, zero import tariffs and reopening of coal import from Australia, coal imports in 2023 increased at a high rate of 63% YOY. This constituted a main source of growth in the coal supply in 2023, but the fact that domestic coal supply was still constrained remained essentially unchanged.

On the demand side, total electricity consumption in 2023 increased by 6.7% YOY, lending support to a reviving thermal power industry which grew by 6.1% YOY, while hydropower fell by 5.6% YOY. As a result of increased strategic importance of the coal chemical industry and the high international oil price, the growth of the coal chemical industry remained relatively fast, especially in the second half of 2023, which supported the rebound of coal price in the third quarter of 2023. Other downstream industries, including the iron and steel industry and the cement industry, remained relatively weak due to the depressed real estate industry which was yet to recover. High infrastructure investment and manufacturing investment served as important support for fixed asset investment and coal demand.

In 2023, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY493.4 million. As disclosed in the Profit Warning announcement of the Company dated 2 February 2024, the Group recorded a decrease in revenue and gross profit for the year ended 31 December 2023. This was mainly attributable to (i) the Group's operations still being affected by the geological complexities of current mining faces and the temporary suspension of production of two major coal mines of the Group, Yongsheng Coal Mine and Dayun Coal Mine, from October 2023 to March 2024; (ii) the decline in the market price of coal in 2023 as compared to 2022, plus a significant proportion of coal products being sold to power plants at regulated price; and (iii) the stringent safety and environmental regulatory environment. As a result, the sales volume and the average selling price of the Group's coal products decreased as compared to the prior year. Also, the Group continued to incur financial burden due to the existing interest-bearing loans carried forward from 2022, which further undermined the Group's profitability. Trying to grab the opportunities presented by the current strong coal market sentiment, the Group strictly adhered to its business strategy by focusing on coal quality management and capacity expansion, optimising product mix and marketing strategy, enhancing production safety management and environmental compliance, and promoting refined management and cost control.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue from continuing operations decreased by approximately 38.2% from approximately CNY1,603.2 million in 2022 to approximately CNY990.8 million in 2023. The approximately CNY612.4 million decrease in revenue in 2023 was mainly caused by the decline in the average selling price and the decrease in sales volume of self-produced anthracite coal. The sales volume of self-produced anthracite coal decreased from approximately 2.89 million tonnes in 2022 to approximately 2.30 million tonnes in 2023, representing a decrease of approximately 20.6%. The reasons for this drop in sales volume were: (i) the general geological complexities of current mining faces encountered by the Group; and (ii) the production suspension resulting from the several incidents of gas overruns caused by untimely gas discharge in the mining process of Yongsheng Coal Mine and Dayun Coal Mine which exceeded the applicable regulatory limits. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY554.2 per tonne in 2022 to CNY431.4 per tonne in 2023, representing a decrease of approximately 22.2%, mainly as a result of the drop in coal quality of the Group's coal mines and the overall price of coal market in Chinese Mainland.

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to approximately 59.1% and 58.0% of total revenue in 2022 and 2023, respectively, decreased from approximately CNY948.1 million (approximately 1.13 million tonnes sales volume) in 2022 to approximately CNY575.1 million (approximately 0.91 million tonnes sales volume) in 2023. The decrease in revenue from sales of processed coal was due to a drop of CNY204.9 per tonne in the average selling price of processed coal and the decrease of 0.22 million tonnes in sales volume. The reasons for the decreases have been discussed above.

In 2022 and 2023, the Group respectively derived approximately 53.0% and 57.4% of its revenue from anthracite coal sales to its five largest customers, of which two customers who purchased thermal coal from the Group made onward sales to power producers in Guizhou province. The management of the Group believes that by further expanding the product mix through coal washing and coal blending, the dependency on a limited number of large customers will decrease gradually and the Group's profit margin will increase.

Cost of Sales

The Group's cost of sales from continuing operations decreased by approximately 19.6% from approximately CNY942.7 million in 2022 to approximately CNY758.3 million in 2023. The decrease was generally in keeping with the approximately 20.6% drop in sales volume of self-produced anthracite coal.

Cost of Sales for Coal Mining

Labour costs in 2023 were approximately CNY201.8 million, representing a decrease of approximately CNY58.2 million, or approximately 22.4%, as compared with approximately CNY260.0 million in 2022. The decrease in labour costs were generally in line with the decrease in sales volume of self-produced anthracite coal in 2023.

Material, fuel and energy costs in 2023 were approximately CNY184.8 million, representing a decrease of approximately CNY22.6 million or approximately 10.9%, as compared with approximately CNY207.4 million in 2022. The decrease in material, fuel and energy costs were proportionally lower than the decrease in sales volume of self-produced anthracite coal in 2023 because the Group incurred additional repair and maintenance works due to the additional stringent safety supervision measures, several incidents of gas overruns and the geological complexities of current mine faces.

Depreciation and amortisation in 2023 were approximately CNY210.7 million, representing a decrease of approximately CNY79.2 million, or approximately 27.3%, as compared with approximately CNY289.9 million in 2022. The decrease in depreciation and amortisation in 2023 was mainly caused by the decrease in production volume and the unit construction costs of certain mine faces depreciated in 2023 lower than those of the prior year.

Taxes and levies in 2023 were approximately CNY61.4 million, representing a decrease of approximately CNY12.3 million or approximately 16.8% as compared with approximately CNY73.7 million in 2022. The decrease in the sales tax and levies, which mainly consisted of ad valorem resource tax imposed on coal mines, was mainly due to the decrease in the revenue of anthracite coal in 2023.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, decreased from approximately CNY78.8 million in 2022 to approximately CNY68.2 million in 2023. This was mainly due to the decrease in coal processing volume.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	**2023**	2022
	CNY/tonne	*CNY/tonne*
Labour costs	**87.9**	89.9
Raw materials, fuel and energy	**80.5**	71.7
Depreciation and amortisation	**91.8**	100.2
Taxes & levies payable to governments	**26.7**	25.5
Other production-related costs	**13.7**	11.4
Total unit cost of sales for coal mining	**300.6**	298.7

Cost Items for Coal Processing Activities	2023	2022
	CNY/tonne	*CNY/tonne*
Labour costs	**10.3**	10.1
Materials, fuel and energy	**32.0**	26.8
Depreciation	**11.0**	9.6
Taxes & levies payable to governments	**3.0**	4.0
Transportation fee	**16.4**	14.5
Other coal processing related costs	**2.4**	4.7
Total unit cost of sales for coal processing	**75.1**	69.7

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit from continuing operations decreased by approximately 64.8% from approximately CNY660.5 million in 2022 to approximately CNY232.5 million in 2023. The overall gross margin from continuing operations, which is equal to gross profit divided by revenue, decreased from approximately 41.2% in 2022 to approximately 23.5% in 2023. The decrease in overall gross profit and gross margin was primarily caused by the drop in the average selling price of anthracite coal and the decrease in sales volume as discussed above.

Selling and Distribution Expenses

The selling and distribution expenses from continuing operations, primarily consisting of transportation fee in connection with the sales of thermal coal and salaries and benefits, decreased by approximately 15.8% from approximately CNY118.5 million in 2022 to approximately CNY99.7 million in 2023. The decrease was mainly due to the decrease in transportation fee for delivery of thermal coal.

Administrative Expenses

The administrative expenses from continuing operations increased by approximately 2.8% from approximately CNY160.6 million in 2022 to approximately CNY165.1 million in 2023. There was no material change between 2022 and 2023.

Impairment of Financial Assets

The Group made the provision for impairment of financial assets from continuing operations of approximately CNY4.4 million in 2023 compared to approximately CNY2.7 million in 2022. The increase in impairment was mainly due to the impairment of prepayments made by considering the probability of default of separate item.

Impairment Losses on Property, Plant and Equipment

The Group had impairment losses on property, plant and equipment from continuing operations of approximately CNY262.7 million in 2023, in connection with the decline in coal quality and the higher production cost in Liujiaba Coal Mine. No impairment loss on property, plant and equipment incurred in 2022.

Other Operating Expenses, Net

Other operating expenses primarily consist of the compensation paid to local residents for repairing the damaged houses and/or relocation affected by the mines'operations of the Group, the accrual of tax surcharges, safety security fines, and service fees for other operating business. Other operating income primarily consist of government grants related to the price subsidy for supply of thermal coal to power plants and intelligent mechanization transformation. The net other operating expenses from continuing operations decreased to approximately CNY48.5 million in 2023 from approximately CNY94.4 million in 2022. This was mainly caused by the decrease in service fees for other operating business and the increase in government grants.

Finance Costs

The finance costs from continuing operations, which primarily consist of interest expenses on interest-bearing bank and other borrowings and lease liabilities, decreased by approximately 6.6% from approximately CNY152.6 million in 2022 to approximately CNY142.6 million in 2023. The decrease in finance costs was mainly due to the decline in the average interest-bearing bank and other borrowings and the decrease in leases in 2023 compared with in 2022.

Income Tax Expense

The Group's income tax expense from continuing operations decreased to approximately CNY30.5 million in 2023 from approximately CNY58.1 million in 2022. The decrease in income tax expense in 2023 was mainly due to the decrease in current profit before income tax.

Loss/profit for the year from Continuing Operations

The loss from continuing operations was approximately CNY519.1 million in 2023, compared with the profit of approximately CNY73.9 million in 2022. The increase in loss from continuing operations in 2023 was mainly caused by (i) the decrease of approximately CNY428.0 million in gross profit resulting from the drop in average selling price and the decrease in sales volume of self-produced anthracite coal; and (ii) the increase of approximately CNY262.7 million in impairment losses on property, plant and equipment of Liujiaba Coal Mine. The increase in loss was partially offset by (i) the decrease of approximately CNY45.9 million in other operating expenses mainly due to the decrease in service fees for other operating business and the increase in government grants; (ii) the decrease of approximately CNY27.6 million in income tax expense mainly due to the decrease in current profit before income tax; (iii) the decrease of approximately CNY18.8 million in selling expenses mainly due to the decrease in transportation cost for delivery of thermal coal; and (iv) the decrease of approximately CNY10.0 million in finance costs due to the drop in average interest-bearing bank and other borrowings and the decrease in leases during 2023.

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

The loss attributable to owners of the parent from continuing operations was approximately CNY492.8 million in 2023, compared with the profit of approximately CNY26.0 million in 2022. The reasons for the increase in the loss attributable to owners of the parent from continuing operations in 2023 have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

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

In 2023, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

(b) Discontinued operation of Guizhou Dayuan

On 24 May 2019, Guizhou Puxin, a wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Baoshun, an independent third party, to dispose its entire equity interest in Guizhou Dayuan, a wholly-owned subsidiary of Guizhou Puxin. Guizhou Dayuan is mainly engaged in the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. As at 31 December 2021, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation. On 28 March 2022, the disposal of Guizhou Dayuan was completed upon the transfer of Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan to Baoshun and the adjusted total cash consideration of CNY50.0 million was fully paid by Baoshun in prior years. During the period ended 28 March 2022, Guizhou Dayuan was classified as a discontinued operation.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2022 and 31 December 2023, the Group had net current liabilities of approximately CNY3,011.7 million and approximately CNY3,537.5 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2023. As at 31 December 2023, the Group had cash and cash equivalents of approximately CNY10.1 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 2023, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY1,702.9 million. As at 31 December 2023, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY35.1 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him, and some of the Group's bank borrowings are secured by pledges of the mining rights of the Group, equity interests in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining, certain trade receivables in Guizhou Dayun, certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal, and a bank deposit in Guizhou Yongfu. As at 31 December 2023, the Group had loans amounting to approximately CNY1,296.0 million with fixed interest rates ranging from 4.9% to 10.51% per annum. The remaining loans held by the Group as at 31 December 2023 had floating interest rates ranging from 6.77% to 7.35% per annum.

Pledge of Assets of the Group

As at 31 December 2022 and 31 December 2023, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,661.3 million and approximately CNY1,614.3 million, respectively, and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,661.3 million and approximately CNY1,584.3 million, respectively.

As at 31 December 2022 and 31 December 2023, certain mining rights of the Group with carrying amounts of approximately CNY508.1 million and approximately CNY453.3 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,532.6 million and approximately CNY1,371.2 million, respectively.

As at 31 December 2022, the Company's equity interest in Guizhou Puxin, Guizhou Dayun and Baiping Mining were pledged to secure bank loans with a carrying amount of CNY638.7 million, and as at 31 December 2023, the Company's equity interest in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY619.0 million.

As at 31 December 2022 and 31 December 2023, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY105.5 million and CNY171.0 million, respectively, were pledged to secure the loan with carrying amounts of approximately CNY43.7 million and CNY109.6 million, respectively.

As at 31 December 2022 and 31 December 2023, certain trade receivables (including inter-company trade receivables) owned by the Group with carrying amounts of approximately CNY72.1 million and approximately CNY52.3 million, respectively, were pledged to secure loans with carrying amounts of CNY50.0 million and CNY48.5 million, respectively.

As at 31 December 2023, a bank deposit owned by the Group with a carrying amount of CNY15.0 million was pledged to secure a loan with a carrying amount of CNY30.0 million. And as at 31 December 2022, no bank deposit owned by the Group was pledged to secure loans.

Pledge of Shares by the Controlling Shareholder

As at 31 December 2023, working capital facilities of up to CNY200.0 million advanced by Guizhou Province Development Investment Company Limited ("**GPDIC**") from time to time to Guizhou Puxin have been made available by the pledging of 600,000,000 ordinary shares of the Company's issued share capital held by Feishang Group Limited (a controlling shareholder of the Company) in favour of GPDIC. For details of the pledge of shares, please refer to the announcement of the Company dated 19 May 2023. In addition, the above-mentioned advances by GPDIC have been guaranteed by the Company and its four subsidiary companies, Mr. LI Feilie and his associates, and an independent third party.

Provision of the Corporate Guarantee

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

CAPITAL COMMITMENTS AND EXPECTED SOURCE OF FUNDING

As at 31 December 2023, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY18.2 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 1,723 full time employees (not including 1,253 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounting to approximately CNY315.8 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2023 (2022: CNY372.1 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme of the Company.

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

OUTLOOK

The supply-side reform in the coal industry has led to a marked increase in the concentration and quality of production capacity, which will facilitate mining mechanisation and intelligence, improve production efficiency and capacity utilisation rate, reduce production costs and enhance production safety. This will then facilitate overall production management and bring about higher quality and more stable domestic coal supply. However, against the backdrop of China's commitment to emission peak and carbon neutrality targets, and due to persistently low capital expenditures in new production capacity, long construction cycles, as well as further strengthened safety and environmental regulation, future expansion of production capacity and output in the coal industry is expected to remain mild and constrained. The policy of securing coal supply is expected to remain in place to stabilise and increase domestic coal production. Meanwhile, the growth of coal imports is expected to notably slow down as compared to 2023. Cyclical fluctuations in the coal industry will very likely diminish, which will be beneficial to supply-side stability and the profitability and healthy development of the coal industry.

On the demand side, the government has determined to step up policy efforts to stimulate the economy. A series of targeted expansionary fiscal and monetary policies and highly supportive industrial policies have been and will continue to be successively implemented to speed up recovery and stabilise growth, which will lend steady support to total electricity consumption as well as coal demand. The coal chemical industry is expected to continue to benefit from the supportive policies, further boosting coal demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see more policy supports in various innovative ways. Investment in the "Three Major Projects" under the new development model for the real estate sector – the construction of affordable housing, the development of "dual use" public infrastructure and urban renewal projects – is expected to partially offset the decrease in capital expenditures by real estate enterprises. In the near future, coal supply and demand are expected to both enjoy mild growth and achieve a tight balance, and the price of coal is expected to remain at a relatively high level while fluctuating in a narrow range.

In the near future, the Group is expected to see a continuation in relatively low production volume as compared to prior years. This is mainly attributable to: 1) the geological complexities of current mining faces which are expected to continue well into the near future and adversely affect production volume and coal quality; 2) the later-than-expected resumption of production of a major coal mine of the Group, Dayun Coal Mine, in March 2024; and 3) the trend of increasingly tight safety supervision and regulation which is expected to further affect production and output. The Group will continue to attach great importance to production safety and environmental protection, while striving to address internal challenges, including expanding production output, managing coal quality and adjusting product mix, to improve the competitiveness and average selling price of its coal products and restore revenue and gross profit. Facing the geological complexities of current mining faces, the Group will continue to make strategic preparations for concentrated mining of high-quality coal in the coming years, in order to place itself in an advantageous position for competing in the high-quality coal market in the future. The Group is committed to its business strategy through vigorously (i) promoting the expansion of high-quality production capacity, coal washing facilities and transportation system; (ii) realising comprehensive mining mechanisation and intelligent production management; (iii) enhancing production safety management and environmental compliance; and, most importantly, (iv) supplying customers with diversified and customised coal products to retain high-quality customers and to penetrate the surrounding coal market.

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

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. Throughout the year ended 31 December 2023, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

Code provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. For the year ended 31 December 2023, Mr. HAN Weibing assumed the role of both the chairman and the chief executive officer of the Company. The Board considered that this arrangement was in the best interests of the Group as it allowed for efficient discharge of the executive functions of the chief executive officer. The Board believed that the balance of power and authority was adequately ensured by the operations of the Board, which comprised experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions were made after consultation with the Board and senior management as well as the relevant Board committees. The Board was therefore of the view that during the year 2023 there were adequate measures in place to balance power and safeguard shareholders' interests.

SUBSEQUENT EVENTS

On 4 January 2024, Guizhou Puxin received and fully drew down CNY13.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd., to be repaid on 3 January 2025. The purpose of the loan is to pay the purchase of coal. The loan bears interest at a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.325% (3.45% per annum, resulting in an annual interest rate of 6.775% per annum).

On 23 February 2024, Jinsha Juli and Bank of Guiyang entered into a short-term loan agreement, pursuant to which Bank of Guiyang will provide a short-term bank loan totalling CNY89.29 million for a term of 12 months, with a fixed interest rate of 6.96% per annum. Up to 1 March 2024, Jinsha Juli received a net of CNY84.29 million short-term bank loan.

On 19 March 2024, Guizhou Puxin and Liupanshui branch of Bank of Guizhou Co., Ltd. entered into a short-term credit facility agreement, pursuant to which Liupanshui branch of Bank of Guizhou Co., Ltd. will provide a short-term facility totalling CNY968.0 million for a year from 19 March 2024 to 18 March 2025. Up to 27 March 2024, Guizhou Puxin received a total of CNY89.0 million short-term bank loan.

On 12 January 2024, the Board announced (a) the resignation of Mr. Han Weibing as an executive Director, the chairman of the Board and the chief executive officer of the Company, due to health issues; (b) the resignation of Mr. Wang Weidong as an executive Director and the deputy chairman of the Board, due to other business and personal commitments; and (c) and the appointment of Mr. Wang Xinhua as an executive Director and the chairman of the Board, as well as the appointment of Mr. Fu Jiangen as an executive Director; with all such resignations and appointments becoming effective from 12 January 2024. For details of the resignations and appointments, please refer to the announcement of the Company dated 12 January 2024.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2023 in this preliminary announcement have been reviewed by the audit committee of the Company and have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2023 by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the Company is scheduled to be held on 18 June 2024 (the "**2024 AGM**"). The notice of 2024 AGM will be published on the website of the Company at www.fsanthracite.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

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

Pursuant to the requirements of the Listing Rules, the 2023 annual report of the Company will set out all information required by the Listing Rules and will be published on the website of the Company (www.fsanthracite.com) and the designated website of the Stock Exchange (www.hkexnews.hk) on or before 30 April 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the 2024 AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 17, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

APPRECIATION

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

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

Hong Kong, 28 March 2024

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