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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 2025**

ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2025

- Revenue from continuing operations increased by approximately 15.7% to approximately CNY356.8 million
- Gross loss from continuing operations was approximately CNY72.3 million in 2025 compared to the gross profit of approximately CNY0.3 million in 2024
- Loss attributable to owners of the parent from continuing operations increased by approximately 16.2% to approximately CNY625.6 million
- Basic loss per share from continuing operations was approximately CNY0.45

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 2025, together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
CONTINUING OPERATIONS			
Revenue	5	356,774	308,308
Cost of sales	7	(429,035)	(307,986)
Gross (loss)/profit		(72,261)	322
Selling and distribution expenses		(26,752)	(24,065)
Administrative expenses		(109,970)	(136,049)
Impairment losses on financial assets, net	7	(771)	(5,637)
Impairment losses on property, plant and equipment	7	(204,799)	(134,193)
Impairment losses on right-of-use assets	7	–	(25,905)
Other operating expenses, net		(103,948)	(65,892)
Finance costs	6	(154,602)	(153,137)
Interest income	7	11	627
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		(673,092)	(543,929)
Income tax	8	(52,788)	(24,774)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(725,880)	(568,703)
DISCONTINUED OPERATION			
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	4	(394)	(408)
LOSS FOR THE YEAR		(726,274)	(569,111)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 CNY'000	2024 <i>CNY'000</i>
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(625,636)	(538,626)
From a discontinued operation		(390)	(404)
		<u>(626,026)</u>	<u>(539,030)</u>
Non-controlling interests			
From continuing operations		(100,244)	(30,077)
From a discontinued operation		(4)	(4)
		<u>(100,248)</u>	<u>(30,081)</u>
		<u>(726,274)</u>	<u>(569,111)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	<i>9</i>	(0.45)	(0.39)
– For loss from a discontinued operation	<i>9</i>	*	*
		<u>(0.45)</u>	<u>(0.39)</u>

* *Insignificant*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2025

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
LOSS FOR THE YEAR	(726,274)	(569,111)
Other comprehensive income:		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(3)</u>	<u>(2,476)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>831</u>	<u>1,819</u>
Total other comprehensive income/(loss) for the year, net of tax	<u>828</u>	<u>(657)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(725,446)</u>	<u>(569,768)</u>
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	<u>(624,808)</u>	<u>(539,283)</u>
From a discontinued operation	<u>(390)</u>	<u>(404)</u>
	<u>(625,198)</u>	<u>(539,687)</u>
Non-controlling interests		
From continuing operations	<u>(100,244)</u>	<u>(30,077)</u>
From a discontinued operation	<u>(4)</u>	<u>(4)</u>
	<u>(100,248)</u>	<u>(30,081)</u>
	<u>(725,446)</u>	<u>(569,768)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2025

	<i>Notes</i>	2025 CNY'000	2024 <i>CNY'000</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	2,279,521	2,493,690
Right-of-use assets	<i>12(a)</i>	194,635	198,819
Rehabilitation fund		11,333	14,072
Prepayments and other receivables		14,900	22,764
Investments in associates		–	–
Deferred tax assets	<i>8</i>	1,693	1,813
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		2,502,082	2,731,158
CURRENT ASSETS			
Inventories		37,157	44,527
Trade and bills receivables	<i>13</i>	4,663	5,322
Prepayments and other receivables		72,095	78,055
Pledged deposits		2,000	1,390
Cash and cash equivalents		4,329	4,142
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		120,244	133,436
		<hr/>	<hr/>
TOTAL ASSETS		2,622,326	2,864,594
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 DECEMBER 2025

	<i>Notes</i>	2025 CNY'000	2024 CNY'000
LIABILITIES AND DEFICIT			
CURRENT LIABILITIES			
Trade and bills payables	<i>14</i>	993,694	872,442
Other payables and accruals		1,488,563	1,278,383
Interest-bearing bank and other borrowings	<i>15</i>	1,562,633	1,686,588
Lease liabilities	<i>12(b)</i>	63,046	16,990
Interest payable		131,927	67,758
Income tax payable		51,991	56,430
Mining right payables		43,783	43,783
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		4,335,637	4,022,374
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Due to the Shareholder		10,920	11,791
Due to related companies		373,134	231,387
Interest-bearing bank and other borrowings	<i>15</i>	59,482	33,908
Lease liabilities	<i>12(b)</i>	32,443	80,201
Deferred tax liabilities	<i>8</i>	138,562	86,016
Deferred income		7,820	10,318
Asset retirement obligations		18,064	16,889
		<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES		640,425	470,510
		<hr/>	<hr/>
TOTAL LIABILITIES		4,976,062	4,492,884
		<hr/>	<hr/>
DEFICIT			
Share capital		1,081	1,081
Reserves		(2,448,590)	(1,823,392)
		<hr/>	<hr/>
DEFICIT ATTRIBUTABLE TO OWNERS OF THE PARENT		(2,447,509)	(1,822,311)
NON-CONTROLLING INTERESTS		93,773	194,021
		<hr/>	<hr/>
TOTAL DEFICIT		(2,353,736)	(1,628,290)
		<hr/>	<hr/>
TOTAL LIABILITIES AND DEFICIT		2,622,326	2,864,594
		<hr/> <hr/>	<hr/> <hr/>

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 2025, the Group had net current liabilities of approximately CNY4,215.4 million (31 December 2024: CNY3,888.9 million) and total assets less current liabilities of approximately negative CNY1,713.3 million (31 December 2024: negative CNY1,157.8 million).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards 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 2025. 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

The Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. These conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, the Group is in the process of implementing the following measures, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd.; (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2025. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (i) successfully obtaining the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiating and agreeing with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renewing the borrowings with the lenders as and when needed; (ii) successfully negotiating and agreeing with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) successfully carrying out the Group's business plan to expand the coal washing capacity, set up coal quality control teams and formulate the coal quality control policies in order to improve the coal quality and average selling price of its coal products; (iv) successfully implementing measures to stabilize and expand production output in order to realise the economies of scale and opportunities for better product diversification; (v) effectively control the various production costs and expenses; (vi) successfully obtaining the continual financial support and funding from Feishang Enterprise Group Co., Ltd.; and (vii) successfully disposing of the Group's certain mining assets including equity interests and realising other forms of capital raising exercise when suitable.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2025, the Group had only one operating segment: extraction and sale of anthracite coal and trading of anthracite coal.

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment. The Group conducts its principal 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 2025, revenue derived from sales to two customers accounted for 40.6% and 9.3% of the consolidated revenue, respectively. During the year ended 31 December 2024, revenue derived from sales to two customers accounted for 24.6% and 10.6% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATION

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. 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 2025 and 2024, 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 2025 and 2024.

The results of Gouchang Coal Mine for the years ended 31 December 2025 and 2024 are presented below:

	2025 CNY'000	2024 <i>CNY'000</i>
Administrative expenses	<u>(394)</u>	<u>(408)</u>
LOSS BEFORE INCOME TAX	(394)	(408)
Income tax expense	<u>–</u>	<u>–</u>
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	<u>(394)</u>	<u>(408)</u>
Attributable to:		
Owners of the parent	(390)	(404)
Non-controlling interest	<u>(4)</u>	<u>(4)</u>
	<u>(394)</u>	<u>(408)</u>

* *For identification purposes only*

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

	2025 CNY'000	2024 <i>CNY'000</i>
Operating activities	(91)	(240)
Financing activities	<u>57</u>	<u>(26)</u>
Net cash outflow	<u>(34)</u>	<u>(266)</u>

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Loss for the year attributable to ordinary equity holders of the parent from a discontinued operation	<u><u>(390)</u></u>	<u><u>(404)</u></u>
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	<u><u>1,380,546</u></u>	<u><u>1,380,546</u></u>
Loss per share attributable to ordinary equity holders of the parent from a discontinued operation (CNY per share):		
Basic and diluted	<u><u>*</u></u>	<u><u>*</u></u>

* *Insignificant*

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Revenue from contracts with customers	<u><u>356,774</u></u>	<u><u>308,308</u></u>

(i) Disaggregated revenue information

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Types of goods or services		
Sale of coal	356,774	308,296
Coal trading	-	12
	<u><u>356,774</u></u>	<u><u>308,308</u></u>
Geographic market		
Chinese Mainland	<u><u>356,774</u></u>	<u><u>308,308</u></u>
Timing of revenue recognition		
Goods transferred at a point of time	<u><u>356,774</u></u>	<u><u>308,308</u></u>

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:

	2025 CNY'000	2024 CNY'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of coal	<u><u>70,295</u></u>	<u><u>115,672</u></u>

(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

	2025 CNY'000	2024 CNY'000
Interest on interest-bearing bank and other borrowings	145,445	140,951
Interest on lease liabilities (<i>Note 12(b)/Note 12(c)</i>)	5,523	6,149
Interest on payables for mining rights	<u>2,145</u>	<u>2,639</u>
Total interest expense	153,113	149,739
Bank charges	21	31
Discount coupon	293	2,268
Accretion expenses	<u>1,175</u>	<u>1,099</u>
	<u><u>154,602</u></u>	<u><u>153,137</u></u>

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	2025 CNY'000	2024 CNY'000
Interest income on bank deposits	(11)	(627)
Government grant (a)	(4,908)	(14,625)
Cost of inventories sold (b)	347,787	224,156
Sales tax and surcharge	18,184	14,384
Utilisation of safety fund and production maintenance fund	63,064	69,446
	<hr/>	<hr/>
Cost of sales	429,035	307,986
Employee benefit expenses	174,970	196,170
Depreciation, depletion and amortisation:		
– Property, plant and equipment (Note 11)	147,974	92,510
– Right-of-use assets (Note 12(a)/Note 12(c))	5,137	7,850
Lease payments not included in the measurement of lease liabilities (Note 12(c))	877	521
Auditors' remuneration:		
– Audit fee	2,950	2,880
Impairment losses on financial assets, net	771	5,637
Impairment losses on property, plant and equipment (Note 11)	204,799	134,193
Impairment losses on right-of-use assets (Note 12(a)/Note 12(c))	–	25,905
Loss on disposal of property, plant and equipment	6	440
Transportation fee	13,482	8,388

(a) The government grant with a total amount of approximately CNY4.9 million was included in other operating income for the year ended 31 December 2025 (2024: approximately CNY14.6 million).

(b) Included in the cost of inventories sold is a total amount of approximately CNY236.1 million for the year ended 31 December 2025 (2024: approximately CNY183.5 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 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 2025 (2024: 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 2025 and 2024. 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 2025 and 2024 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 their holding companies in Hong Kong 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:

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Current – Chinese Mainland	122	–
Deferred – Chinese Mainland	52,666	24,774
	52,788	24,774

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:

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Loss before income tax from continuing operations	(673,092)	(543,929)
Tax at the statutory tax rate of 25%	(168,273)	(135,982)
Effect of different tax rates of the Company and subsidiaries of the Group	4,639	4,372
Non-deductible expenses	2,973	4,523
Tax losses not recognised and reversal of previously recognised tax losses	213,449	151,861
Income tax charge from continuing operations	52,788	24,774

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Deferred tax assets		
Accruals and other payables	9,226	5,689
Asset retirement obligations	4,353	4,069
Capitalised pilot run income	6,994	7,860
Tax losses	10,683	56,906
Lease liabilities	6,867	7,329
Bad debt provision	5,807	5,807
	43,930	87,660
Deferred tax liabilities		
Dismantle assets	(1,049)	(1,058)
Right-of-use assets	(3,570)	(4,968)
Depreciation and fair value adjustment of property, plant and equipment	(176,180)	(165,837)
	(180,799)	(171,863)
Net deferred tax liabilities	(136,869)	(84,203)
Classification in the consolidated statement of financial position:		
Deferred tax assets	1,693	1,813
Deferred tax liabilities	(138,562)	(86,016)

In assessing the recoverability of the Group's deferred tax assets, management has performed a detailed assessment on the available taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the deductible temporary differences and unused tax losses can be utilised before they expire. In addition, management has also performed a detailed assessment on 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 CNY2,489.5 million and CNY1,810.4 million as at 31 December 2025 and 2024, respectively. As at 31 December 2025, unused tax losses not utilised of approximately CNY217.2 million, CNY169.8 million, CNY603.8 million, CNY626.5 million and CNY872.2 million will expire by end of 2026, 2027, 2028, 2029 and 2030, respectively.

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

	2025 CNY'000	2024 <i>CNY'000</i>
At the beginning of the year	(84,203)	(59,429)
Charged to the consolidated statement of profit or loss	(52,666)	(24,774)
At the end of the year	(136,869)	(84,203)

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

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

	2025 CNY'000	2024 <i>CNY'000</i>
Loss for the year attributable to ordinary equity holders of the parent:		
From continuing operations	(625,636)	(538,626)
From a discontinued operation	(390)	(404)
	(626,026)	(539,030)
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
From continuing operations	(0.45)	(0.39)
From a discontinued operation	*	*
	(0.45)	(0.39)

* *Insignificant*

The Company did not have any potential diluted shares throughout the year. 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 for the year ended 31 December 2025 (2024: 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 2024							
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	<u>108,351</u>	<u>1,067,636</u>	<u>453,286</u>	<u>377,126</u>	<u>5,963</u>	<u>516,508</u>	<u>2,528,870</u>
Year ended 31 December 2024							
Beginning of the year	108,351	1,067,636	453,286	377,126	5,963	516,508	2,528,870
Additions	–	3,904	–	12,846	360	137,718	154,828
Transfer from CIP	5,713	67,675	–	1,205	–	(74,593)	–
Disposals	–	–	–	(625)	(1,748)	–	(2,373)
Depreciation charge	(2,073)	(59,747)	(3,929)	(25,677)	(1,084)	–	(92,510)
Impairment charge	(3,127)	(35,033)	(66,342)	(9,474)	(206)	(20,011)	(134,193)
Reclassified from right-of-use assets	–	–	–	39,068	–	–	39,068
End of the year	<u>108,864</u>	<u>1,044,435</u>	<u>383,015</u>	<u>394,469</u>	<u>3,285</u>	<u>559,622</u>	<u>2,493,690</u>
As at 1 January 2025							
Cost	163,660	2,774,578	1,032,681	999,400	66,951	584,931	5,622,201
Accumulated depreciation	(37,520)	(1,455,042)	(187,092)	(493,627)	(53,998)	–	(2,227,279)
Accumulated impairment losses	(17,276)	(275,101)	(462,574)	(111,304)	(9,668)	(25,309)	(901,232)
Net carrying amount	<u>108,864</u>	<u>1,044,435</u>	<u>383,015</u>	<u>394,469</u>	<u>3,285</u>	<u>559,622</u>	<u>2,493,690</u>
Year ended 31 December 2025							
Beginning of the year	108,864	1,044,435	383,015	394,469	3,285	559,622	2,493,690
Additions	–	1,344	3,980	3,667	–	129,623	138,614
Transfer from CIP	–	346,153	–	–	–	(346,153)	–
Disposals	–	–	–	–	(10)	–	(10)
Depreciation charge	(4,094)	(93,467)	(10,467)	(39,017)	(929)	–	(147,974)
Impairment charge	–	(54,279)	(70,317)	(26,414)	–	(53,789)	(204,799)
End of the year	<u>104,770</u>	<u>1,244,186</u>	<u>306,211</u>	<u>332,705</u>	<u>2,346</u>	<u>289,303</u>	<u>2,279,521</u>
As at 31 December 2025							
Cost	163,660	3,122,075	1,036,661	1,003,067	66,747	368,401	5,760,611
Accumulated depreciation	(41,614)	(1,548,509)	(197,559)	(532,644)	(54,733)	–	(2,375,059)
Accumulated impairment losses	(17,276)	(329,380)	(532,891)	(137,718)	(9,668)	(79,098)	(1,106,031)
Net carrying amount	<u>104,770</u>	<u>1,244,186</u>	<u>306,211</u>	<u>332,705</u>	<u>2,346</u>	<u>289,303</u>	<u>2,279,521</u>

As at 31 December 2025, certain mining rights with a carrying amount of approximately CNY306.2 million (31 December 2024: CNY383.0 million) were pledged to secure bank loans with a carrying amount of approximately CNY1,299.7 million (31 December 2024: CNY1,362.8 million) (Note 15).

As at 31 December 2025, certain mining structure, machinery and equipment with a carrying amount of approximately CNY25.4 million (31 December 2024: CNY21.5 million) were pledged to secure bank loans with a carrying amount of CNY94.1 million (31 December 2024: CNY92.9 million) (Note 15).

As at 31 December 2025, certain buildings with a carrying amount totalling approximately CNY104.8 million (31 December 2024: CNY108.9 million) were without title certificates. 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 operating losses in certain coal mines in 2025, the Company performed impairment assessments, impairment losses for property, plant and equipment of Liujiaba Coal Mine and Baiping Coal Mine amounting to CNY204.8 million (2024: impairment losses for right-of-use assets and property, plant and equipment of Liujiaba Coal Mine and Baiping Coal Mine amounting to CNY160.1 million) were recognised after considering the recoverable amount. The recoverable amount of such CGU was CNY381.8 million as at 31 December 2025.

Value-in-use calculations use pre-tax cash flow projections based on the 2026 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 8.00% to 10.22% (2024: 8.40% to 10.30%) 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 <i>CNY'000</i>	Machinery and equipment <i>CNY'000</i>	Buildings <i>CNY'000</i>	Total <i>CNY'000</i>
As at 1 January 2024	73,329	193,161	2,608	269,098
Additions	578	1,966	–	2,544
Depreciation charge	(193)	(6,926)	(731)	(7,850)
Reclassified to property, plant and equipment	–	(39,068)	–	(39,068)
Impairment	–	(25,905)	–	(25,905)
As at 31 December 2024 and 1 January 2025	73,714	123,228	1,877	198,819
Additions	–	–	953	953
Depreciation charge	(220)	(4,254)	(663)	(5,137)
As at 31 December 2025	73,494	118,974	2,167	194,635

(b) Lease liabilities

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Carrying amount at 1 January	97,191	132,069
New leases	953	1,966
Accretion of interest recognised during the year (Note 6)	5,523	6,149
Payments	(8,178)	(42,993)
Carrying amount at 31 December	95,489	97,191
Analysed into:		
Current portion	63,046	16,990
Non-current portion	32,443	80,201

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Interest on lease liabilities (Note 6)	5,523	6,149
Depreciation charge of right-of-use assets (Note 7)	5,137	7,850
Expense relating to leases of low-value assets (included in administrative expenses)	877	521
Impairment (Note 7)	–	25,905
Total amount recognised in profit or loss	11,537	40,425

13. TRADE AND BILLS RECEIVABLES

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Trade receivables	60,838	60,726
Less: Provision for impairment	<u>(56,175)</u>	<u>(55,404)</u>
	4,663	5,322
Bills receivable	<u>—</u>	<u>—</u>
	<u>4,663</u>	<u>5,322</u>

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 CNY52.0 million (31 December 2024: CNY52.0 million) were pledged as security for short-term loans of CNY48.2 million (31 December 2024: CNY48.2 million) as at 31 December 2025 (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:

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Within 3 months	439	616
3 to 6 months	776	584
6 to 12 months	480	3,258
Over 12 months	<u>2,968</u>	<u>864</u>
	<u>4,663</u>	<u>5,322</u>

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
At the beginning of the year	55,404	53,236
Impairment loss recognised	<u>771</u>	<u>2,168</u>
At the end of the year	<u>56,175</u>	<u>55,404</u>

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 2025

	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 4 years</u>	<u>Between 4 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Expected credit loss rate	5%	29%	99%	74%	100%	100%	
Gross carrying amount (CNY'000)	1,787	4,048	750	358	1,454	52,441	60,838
Expected credit losses (CNY'000)	92	1,180	744	264	1,454	52,441	56,175
Net carrying amount (CNY'000)	1,695	2,868	6	94	–	–	4,663

As at 31 December 2024

	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 4 years</u>	<u>Between 4 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Expected credit loss rate	2%	98%	58%	63%	100%	100%	
Gross carrying amount (CNY'000)	4,538	750	512	1,735	2,846	50,345	60,726
Expected credit losses (CNY'000)	80	738	298	1,097	2,846	50,345	55,404
Net carrying amount (CNY'000)	4,458	12	214	638	–	–	5,322

14. TRADE AND BILLS PAYABLES

	2025 CNY'000	2024 <i>CNY'000</i>
Trade payables (a)	<u>993,694</u>	<u>872,442</u>
	<u>993,694</u>	<u>872,442</u>

(a) Included in trade payables were amounts of approximately CNY428.2 million (31 December 2024: CNY563.9 million) due to contractors related to construction as at 31 December 2025.

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Within 1 year	193,680	243,372
Between 1 and 2 years	184,194	374,491
Over 2 years	615,820	254,579
	<u>993,694</u>	<u>872,442</u>

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

	2025 <i>CNY'000</i>	2024 <i>CNY'000</i>
Current		
Bank and other borrowings – unsecured and unguaranteed	8,000	–
Bank and other borrowings – guaranteed	142,155	158,955
Bank and other borrowings – secured	52,860	48,150
Bank and other borrowings – secured and guaranteed	1,130,000	1,286,879
Current portion of long-term bank and other borrowings – secured and guaranteed	227,522	188,813
Current portion of long-term bank and other borrowings – guaranteed	897	2,148
Current portion of long-term bank and other borrowings – secured	1,199	1,643
	<u>1,562,633</u>	<u>1,686,588</u>
Non-current		
Bank and other borrowings – secured and guaranteed	59,482	33,280
Bank and other borrowings – secured	–	628
	<u>59,482</u>	<u>33,908</u>
	<u>1,622,115</u>	<u>1,720,496</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 CNY306.2 million (31 December 2024: CNY383.0 million) as at 31 December 2025 (Note 11);
- (2) pledges over the Company's equity interests in Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**"), Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**"), Jinsha Baiping Mining Co., Ltd. ("**Baiping Mining**"), Liuzhi Xinsong Coal Mining Co., Ltd. ("**Xinsong Coal**") and Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") as at 31 December 2025 and as at 31 December 2024;
- (3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of approximately CNY52.0 million (31 December 2024: approximately CNY52.0 million) as at 31 December 2025 (Note 13);
- (4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun, Baiping Mining and Xinsong Coal with a carrying amount of approximately CNY25.4 million (31 December 2024: approximately CNY21.5 million) as at 31 December 2025 (Note 11);
- (5) the Group had not repaid an aggregate principle amount of CNY781.3 million for certain interest-bearing bank and other borrowings according to their repayment schedules. Borrowings of approximately CNY10.4 million with original maturity of more than twelve months have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group is still in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. The Group also has several litigations with the banks and other creditors in which the Group is currently negotiating the revised settlement agreements.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,432.0 million (31 December 2024: approximately CNY1,506.7 million) as at 31 December 2025. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY1,423.6 million (31 December 2024: approximately CNY1,527.2 million) as at 31 December 2025.

All borrowings are denominated in CNY.

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

	2025	2024
	%	%
Fixed-rate bank and other borrowings	3.38-12.20	3.38~9.13
Floating-rate bank and other borrowings	6.05-12.20	6.775~14.60

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

	2025	2024
	CNY'000	CNY'000
Bank and other borrowings repayable:		
Within one year or on demand	1,562,633	1,686,588
In the second year	59,482	23,465
In the third to fifth years, inclusive	—	10,443
	1,622,115	1,720,496

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2025 is as follows:

Disclaimer of opinion

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

As set out in note 2.1 to the consolidated financial statements, the Group recorded a loss attributable to the owners of the Company of CNY626.0 million for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of CNY4,215.4 million and shareholders' deficit of CNY2,353.7 million. In addition, as at 31 December 2025, the Group had cash and cash equivalents of CNY4.3 million and the Group's total principal amounts of bank and other borrowings amounted to CNY1,622.1 million, out of which CNY1,562.6 million will be due for repayment within the next twelve months, including (1) borrowings of approximately CNY781.3 million which have not been repaid on time according to their repayment schedules, and (2) borrowings of approximately CNY10.4 million with original maturity of more than twelve months which have been reclassified as current liabilities as at 31 December 2025 because of the breach of loan covenants. The Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations, which was remained unsettled as at 31 December 2025. Furthermore, certain coal mines of the Group were shutdown intermittently in 2025. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, including whether the Group can: (i) obtain the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings, and successfully negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings subject to the Group's financial and liquidity position, and renew the borrowings with the lenders as and when needed; (ii) successfully negotiate and agree with the plaintiffs on the settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of its coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilize and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd.; (vii) consider divestiture plan of certain mining assets for lowering the debt and gearing ratio; and (viii) consider various forms of capital raising exercise by discussing with potential investors in view of prevailing market conditions.

The execution of the plans and measures by the Group is still in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks and other creditors that are available as at the approval date of the consolidated financial statements. In addition, certain coal mines of the Group are still suspending their operations at the date of our report. Accordingly, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess the assumptions underlying the cash flow forecasts and the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could perform to satisfy ourselves with the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

THE COMPANY'S VIEW ON THE AUDIT QUALIFICATION

In order to address the uncertainties which may cast doubt on the Group's ability to continue as a going concern, and with a view to removing the Disclaimer of Opinion in the audit report, the Group has taken and intends to continue to implement the measures as follows:

- (a) The Company has been taking a number of measures to improve the Group's profitability, liquidity and cash flows to sustain the Group as a going concern, namely: (i) obtain the continual support from the existing lenders of the Group such that they will not demand immediate repayment of the relevant borrowings, and negotiate and agree with the Group's existing lenders on the extension of the repayment schedules of the existing borrowings, and renew the borrowings with the lenders as and when needed; (ii) negotiate and agree with the plaintiffs on the settlement plans/revised settlement plans for the litigations and arbitrations; (iii) focus on coal quality management to improve the competitiveness and average selling price of the Group's coal products by expanding coal washing capacity, setting up coal quality control teams and formulating coal quality control policies; (iv) continue to stabilise and expand production output in pursuit of economies of scale and opportunities for better product diversification; (v) take measures to tighten cost controls over various production costs and expenses; and (vi) obtain continual financial support and funding from Feishang Enterprise Group Co., Ltd..
- (b) Regarding the Group's bank and other borrowings, the Group continues to line up meetings with its lenders for the negotiation of repayment proposals. With regard to the other lenders, the Group would continue to meet up with them to understand their stance for carrying out negotiations.

The Group has entered into negotiations with each of the plaintiffs about settling the litigation/arbitrations initiated by them or determined in their favour. The Group would continue to carry out such negotiations. For details in connection with the legal proceedings with Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司), please refer to the announcement of the Company dated 1 December 2025.

- (c) Regarding production level, the Group will continue to stabilise and expand production output in pursuit of economies of scale and opportunities for better product diversification. Certain coal mines of the Group were shutdown intermittently in 2025. Annual production was scaled down to around 1,160,000 tonnes in 2025. The Group expects its production will be increased in 2026, resulting in improved gross profit margin and operating cashflow.

Overall, the Company considers the material uncertainties in relation to going concern to be temporary. The Company also considers that, after taking into account the measures above, which are expected to be implemented in the next 12 months, and the expected rebound in production level, the Group's profitability, operating cashflow, liquidity and financial position will improve. Meanwhile, the Group will consider any form of capital raising exercise when market condition permits. The Group will also consider any divestiture plan to lower its debt and gearing ratio. In this regard, preliminary discussions with potential purchasers of interests in Dayun Coal Mine and Liujiaba Coal Mine have been carried out although no firm commitment or arrangement is reached.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2025, the global economic landscape remained volatile, with persistent geopolitical tensions and ongoing trade frictions among major economies. Although interest rates in developed markets began to ease, they stayed relatively high, weighing on global momentum and posing continued challenges to China's recovery. Domestically, China's structural economic transformation deepened further. The real estate sector continued its consolidation phase, while local government debt pressures persisted as a major constraint. The "three economic engines" – consumption, investment and exports – displayed uneven dynamics. The consumer market expanded on an overall scale; investment, however, weakened due to reduced property development spending, while external trade pursued new growth opportunities amid a complex global environment, with exports remaining broadly resilient. In response, the central government tightened the precision of its macroeconomic management, implementing an active fiscal policy alongside a moderately accommodative monetary stance to stabilise growth and nurture new sources of momentum. On the fiscal side, objectives focused on advancing the "Two Major" – implementing major national strategies and building up security capacities in key areas – as well as the "Two New" – promoting large-scale equipment upgrades and consumer goods trade-in. Specific measures included issuing CNY1.3 trillion in ultra-long special treasury bonds to be invested in relevant fields and allocating CNY4.4 trillion in local government special-purpose bonds to support the construction of major plans. On the monetary side, policy efforts centred on optimising structural tools to guide financial institutions in expanding credit support for key areas such as technological innovation, boosting consumption, and small, medium and micro enterprises.

The coal market in 2025 saw a significant decline in import volumes, while national coal inventories remained at relatively high levels. Coal prices exhibited a trend of early decline followed by stabilisation, with the overall market characterised by ample supply and weak demand. The industry continued to face structural changes in energy consumption, with the growth of overall coal consumption slowing down. Nevertheless, the coal chemical sector maintained robust growth momentum, consuming a cumulative 360 million tonnes of coal in the first ten months, up 10.9% year on year, and remained the main driver of demand. The substitution effect of new energy power generation further strengthened, leading to the first decline in a decade in thermal power generation, while demand from the metallurgy and building materials sectors stayed subdued. Looking ahead, the coal market is expected to remain generally balanced, with prices operating steadily within a reasonable range. Over the next five years, coal consumption is likely to plateau at a high level.

In 2025, the Group continued to face severe operational challenges arising from both internal and external factors. Internally, the geological conditions of current mining faces remained complex and are expected to persist in the short term, adversely affecting both production volume and coal quality. At the same time, uncertainties associated with the streamlining and adjustment of mining teams, coupled with continued delays in excavation work, disrupted production stability and severely constrained the Group's production capacity. Externally, coal consumption recorded slower growth and coal prices declined year by year, plus a significant portion of the Group's coal products were sold to power plants at regulated prices, which further compressed profit margins. In the context of increasingly stringent safety and environmental supervision, production and output remained under considerable pressure, leading to additional operating costs. In addition, interest expenses arising from legacy loans carried forward from prior years continued to weaken profitability. These combined pressures resulted in only a slight recovery in the Group's coal production volume, which still fell well below previous years' levels, undermining economies of scale. Unit production costs rose, and average selling prices remained subdued, triggering a cycle of production constraints and deteriorating cash flows. The above factors significantly weakened the Group's profitability and liquidity, underscoring the compounded risks of production instability, market fluctuations and regulatory constraints in an increasingly challenging industry environment.

Faced with numerous challenges in 2025, the Group has remained committed to managing coal quality, controlling costs and optimising processes to improve its operational performance and profitability. The Group has also been actively exploring fundraising opportunities, negotiating repayment arrangements with lenders/plaintiffs, and considering the possible divestiture of interests in coal mines to enhance liquidity and alleviate financial pressure. The Group believes that the difficulties are temporary, and with continued efforts to restore production levels, its profitability and financial position will gradually improve.

The Group recognises that product quality is essential for building sustainable competitive advantages in future market competition. Accordingly, the Group is committed to expanding high-quality production capacity, strengthening coal quality management, and optimising its product mix. To this end, the Group has established a coal quality control team to formulate comprehensive quality management measures covering the entire process of coal mining, transportation, screening, washing and sales. Through clarifying responsibilities and implementing performance evaluation mechanisms at each stage, the Group continues to enhance the effectiveness of its coal quality management. Meanwhile, the sales department formulates and adjusts sales strategies on a regular basis in response to market changes to optimise the product mix and improve overall efficiency. The Group believes that sound production management will enable it to release production capacity and further improve product quality and competitiveness when geological conditions improve. The coal processing systems and washing plants will facilitate efficient coal blending, allowing the Group to provide customers with customised and quality-controlled products. Against the backdrop of carbon peaking and carbon neutrality targets, the Group will actively explore opportunities for clean and efficient utilisation of coal, as well as investment prospects in the new energy sector. The Group will continue to enhance the brand recognition of Feishang Anthracite to consolidate and expand its presence in the high-end market.

The Group, as always, attached great importance to coal mine safety and adopted multiple safety measures to ensure safe production and proactive compliance with all safety regulations. Safety management, being the core of production management, was implemented throughout the entire production process. The safety measures included consulting safety inspection personnel for constructive opinions, continuously updating various production safety and gas control policies to strengthen the safety management system, increasing the frequency of safety inspections, engaging professional gas control teams, continuously upgrading relevant production facilities, and enhancing safety-related training.

The Group also continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction and excavation to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. To further strengthen cost control, the Group promoted the use of gob-side entry retaining (GSER) technology to reduce roadway driving costs, optimised roadway driving plans to reduce roadway driving metres per ton of coal produced, and executed directional pre-splitting at upper and lower ribs in Yongsheng Coal Mine and other mines as appropriate, in order to lower maintenance costs. The Group also continued to actively promote refined management to ensure that all investments and expenses were appropriate, reusable materials were recycled, and all production and marketing activities were cost-effective.

For the year ended 31 December 2025, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY626.0 million, representing an increase of approximately 16.1%.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's total revenue from continuing operations increased by approximately 15.7% from approximately CNY308.3 million in 2024 to approximately CNY356.8 million in 2025. The approximately CNY48.5 million increase in revenue in 2025 was mainly due to the increase in sales volume of self-produced anthracite coal, notwithstanding the drop in the average selling price. The sales volume of self-produced anthracite coal increased from approximately 0.88 million tonnes in 2024 to approximately 1.04 million tonnes in 2025, representing an increase of approximately 18.9%. The main reason for this increase in sales volume was the resumption of production of Yongsheng Coal Mine and Baiping Coal Mine after the temporary suspension. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY352.5 per tonne in 2024 to CNY343.1 per tonne in 2025, representing a decrease of approximately 2.7%, mainly as a result of 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) increased from approximately CNY159.7 million (approximately 0.26 million tonnes sales volume) in 2024 to approximately CNY165.3 million (approximately 0.30 million tonnes sales volume) in 2025. The increase in revenue from sales of processed coal was mainly due to the increase of 0.04 million tonnes in sales volume. The reason for the increase has been discussed above.

In 2024 and 2025, the Group respectively derived approximately 57.5% and 70.8% of its revenue from anthracite coal sales to its five largest customers. 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 increased by approximately 39.3% from approximately CNY308.0 million in 2024 to approximately CNY429.0 million in 2025. The increase in cost of sales was mainly due to the increase of approximately 18.9% in sales volume of self-produced anthracite coal and an increase in the unit of production cost.

Cost of Sales for Coal Mining

Labour costs in 2025 were approximately CNY120.2 million, representing an increase of approximately CNY18.4 million, or approximately 18.1%, as compared with approximately CNY101.8 million in 2024. The increase in labour costs was generally in line with the increase in sales volume of self-produced anthracite coal in 2025.

Material, fuel and energy costs in 2025 were approximately CNY89.6 million, representing an increase of approximately CNY13.2 million or approximately 17.2%, as compared with approximately CNY76.4 million in 2024. The increase in material, fuel and energy costs was proportionally lower than the increase in sales volume of self-produced anthracite coal in 2025 because the Group reduced the repair and maintenance works resulting from the resumption of production of certain coal mines.

Depreciation and amortisation in 2025 were approximately CNY132.9 million, representing an increase of approximately CNY62.2 million, or approximately 87.9%, as compared with approximately CNY70.7 million in 2024. The increase in depreciation and amortisation in 2025 was mainly caused by the increase in production volume, certain mining structure of Yongsheng Coal Mine put into use in 2025 and the unit construction costs of certain mine faces depreciated in 2025 higher than those of the prior year.

Taxes and levies in 2025 were approximately CNY18.5 million, representing an increase of approximately CNY4.7 million or approximately 34.3% as compared with approximately CNY13.8 million in 2024. The increase in the sales tax and levies, which mainly consisted of ad valorem resource tax imposed on coal mines, was mainly due to the increase in the revenue of anthracite coal in 2025.

Cost of Sales for Coal Processing

Coal processing costs, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY27.2 million in 2024 to approximately CNY40.0 million in 2025. This was mainly due to the increase in coal processing volume and the repair and maintenance of equipment and transport belts of the coal beneficiation plant.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Coal Mining Activities	2025 CNY/tonne	2024 CNY/tonne
Labour costs	115.6	116.4
Raw materials, fuel and energy	86.2	87.4
Depreciation and amortisation	127.8	80.9
Taxes & levies payable to governments	17.8	15.8
Other production-related costs	26.7	20.7
Total unit cost of sales for coal mining	<u>374.1</u>	<u>321.2</u>

Cost Items for Coal Processing Activities	2025 <i>CNY/tonne</i>	2024 <i>CNY/tonne</i>
Labour costs	19.7	18.0
Materials, fuel and energy	51.2	34.4
Depreciation	59.9	49.6
Taxes & levies payable to governments	1.0	2.4
Transportation fee	–	0.1
Other coal processing related costs	2.3	2.0
	<hr/>	<hr/>
Total unit cost of sales for coal processing	134.1	106.5
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Gross Profit and Gross Margin

As a result of the foregoing, the overall gross loss from continuing operations was approximately CNY72.3 million in 2025 compared to the overall gross profit of approximately CNY0.3 million and the overall gross margin (equal to gross profit divided by revenue) was approximately 0.1% in 2024. The decrease in overall gross profit and gross margin was primarily caused by an increase in unit cost of sales and the slight drop in the average selling price 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, increased by approximately 11.2% from approximately CNY24.1 million in 2024 to approximately CNY26.8 million in 2025. The increase was mainly due to the increase in transportation fee for delivery of thermal coal.

Administrative Expenses

The administrative expenses from continuing operations decreased by approximately 19.2% from approximately CNY136.0 million in 2024 to approximately CNY110.0 million in 2025. The decrease was mainly due to the decrease in staff cost resulting from stringent cost and expense control measures.

Impairment Losses on Financial Assets

The Group made the provision for impairment of financial assets from continuing operations of approximately CNY0.8 million in 2025 compared to approximately CNY5.6 million in 2024. The decrease in impairment was mainly due to the decrease in impairment of trade receivables resulting from the change in expected credit losses.

Impairment Losses on Property, Plant and Equipment and Right-of-use Assets

The Group had impairment losses on property, plant and equipment from continuing operations of approximately CNY204.8 million in Liujiaba Coal Mine and Baiping Coal Mine in 2025, and impairment losses on property, plant and equipment and right-of-use assets with an aggregate amount of approximately CNY160.1 million in Liujiaba Coal Mine and Baiping Coal Mine in 2024, in connection with the decline in coal quality.

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, loss arising from temporary suspension of production, service fees for other operating business and expenses accrued in respect of litigations and arbitrations. Other operating income primarily consists 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 increased to approximately CNY103.9 million in 2025 from approximately CNY65.9 million in 2024. This was mainly caused by the expenses accrued in respect of litigations and arbitrations in 2025.

Finance Costs

The finance costs from continuing operations, which primarily consist of interest expenses on interest-bearing bank and other borrowings and lease liabilities, increased by approximately 1.0% from approximately CNY153.1 million in 2024 to approximately CNY154.6 million in 2025. The increase in finance costs was mainly due to the accrual of penalty interest expense on overdue loans.

Income Tax Expense

The Group's income tax expense from continuing operations increased to approximately CNY52.8 million in 2025 from approximately CNY24.8 million in 2024. The increase in income tax expense in 2025 was mainly attributable to the reversal of the deferred income tax benefits recognised in prior years, resulting from a reduction in forecast pre-tax profit.

Loss for the year from Continuing Operations

The loss from continuing operations increased from approximately CNY568.7 million in 2024 to approximately CNY725.9 million in 2025. The increase in loss from continuing operations in 2025 was mainly caused by (i) the decrease of approximately CNY72.6 million in gross profit resulting from the increase in unit cost of sales and the slight drop in average selling price; (ii) the increase of approximately CNY70.6 million in impairment losses on property, plant and equipment, coupled with the decrease of approximately CNY25.9 million in impairment losses on right-of-use assets; (iii) the increase of approximately CNY38.1 million in the net other operating expenses mainly due to the expenses accrued in respect of litigations and arbitrations; and (iv) the increase of approximately CNY28.0 million in income tax expense mainly due to the reversal of the deferred income tax benefits recognised in prior years, resulting from a reduction in forecast pre-tax profit. The increase in loss was partially offset by the decrease of approximately CNY26.1 million in administrative expenses mainly due to the decrease in staff cost resulting from stringent cost and expense control measures.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased from approximately CNY538.6 million in 2024 to approximately CNY625.6 million in 2025. The reasons for the increase in the loss attributable to owners of the parent from continuing operations in 2025 have been discussed above.

Discontinued Operation

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 2025, works at Gouchang Coal Mine had substantially ceased, therefore the operating results have been reclassified as a discontinued operation.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024 and 31 December 2025, the Group had net current liabilities of approximately CNY3,888.9 million and approximately CNY4,215.4 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 2025. As at 31 December 2025, the Group had cash and cash equivalents of approximately CNY4.3 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 2025, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY1,562.6 million. As at 31 December 2025, the Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY59.5 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, and certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal. As at 31 December 2025, the Group had loans amounting to approximately CNY1,141.2 million with effective fixed interest rates ranging from 3.38% to 12.2% per annum. The remaining loans held by the Group as at 31 December 2025 had effective floating interest rates ranging from 6.05% to 12.2% per annum.

As at 31 December 2025, the Group had overdue principle amounts of interest-bearing bank and other borrowings amounting to approximately CNY781.3 million. This might also trigger breaches of certain terms and conditions of other bank and other borrowings. The Group is, as at the date of this announcement, in the process of negotiating with the relevant banks and other creditors for loan extensions and waivers. In addition, the Group also had outstanding payables of CNY351.4 million related to the ongoing litigations and arbitrations. The Group is in the process of negotiating and reaching settlement agreements/revised settlement agreements with counterparties.

Pledge of Assets of the Group

As at 31 December 2024 and 31 December 2025, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,506.7 million and approximately CNY1,432.0 million, respectively, and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,527.2 million and approximately CNY1,423.6 million, respectively.

As at 31 December 2024 and 31 December 2025, certain mining rights of the Group with carrying amounts of approximately CNY383.0 million and approximately CNY306.2 million, respectively, were pledged to secure bank loans with carrying amounts of approximately CNY1,362.8 million and approximately CNY1,299.7 million, respectively.

As at 31 December 2024 and 31 December 2025, the Company's equity interest in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY570.7 million and approximately CNY494.3 million, respectively.

As at 31 December 2024 and 31 December 2025, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY21.5 million and CNY25.4 million, respectively, were pledged to secure the loan with carrying amounts of approximately CNY92.9 million and CNY94.1 million, respectively.

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

Pledge of Shares by the Controlling Shareholder

As at 31 December 2025, working capital facilities of up to CNY200.0 million advanced by Guizhou Province Development Investment Company Limited (“GPDIC”) from time to time to Guizhou Puxin have been made available by the pledging of 600,000,000 ordinary shares of the Company's issued share capital held by Feishang Group Limited (a controlling shareholder of the Company) in favour of GPDIC. For details of the pledge of shares, please refer to the announcement of the Company dated 19 May 2023. In addition, the above-mentioned advances by GPDIC have been guaranteed by the Company and its four subsidiary companies, Mr. LI Feilie and his associates, and an independent third party.

Legal Proceedings in relation to the Pledge of Shares by the Controlling Shareholder

For details in connection with the legal proceedings with GPDIC, please refer to the announcement of the Company dated 1 December 2025.

Capital Commitments and Expected Source of Funding

As at 31 December 2025, the Group had contractual capital commitments mainly in respect of machinery and equipment and materials purchased by coal mines for operations amounting to approximately CNY8.5 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.

Gearing Ratio

As at 31 December 2024 and 31 December 2025, the gearing ratio (which is calculated by dividing total interest-bearing debt by total equity plus total interest-bearing debt at the end of the year and multiplying by 100%) was approximately 798.3% and negative 297.4%, respectively. The gearing ratio increased in 2025 as the Group recorded a significant loss for the year.

Contingent Liabilities

As at 31 December 2025, except for interest-bearing bank and other borrowings and finance lease arrangements disclosed above, 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.

Except as disclosed above, there were outstanding litigations commenced by several suppliers, banks, other creditors and employees against certain subsidiaries of the Group claiming machinery and equipment payments, debts and employee benefits. The directors of the Company have estimated that the Group will likely be liable to pay the payments and contractual penalty, which had been provided and included in “trade and bill payables”, “other payables and accruals” and “interest-bearing bank and other borrowings” as at 31 December 2025 and 2024. In the opinion of the Company’s directors, no further provision for litigation was required to be made for the year ended 31 December 2025.

Except as disclosed above, during the year and up to 31 December 2025, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the directors of the Company were aware, the Group had no other material litigation or claim which was pending or threatened against the Group.

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 2025 (2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 1,675 full time employees (not including 659 workers provided by third party labour agencies) for its principal activities. Employees’ costs (including Directors’ emoluments) from continuing operations amounting to approximately CNY179.9 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2025 (2024: CNY205.9 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 is involved in deciding his own remuneration.

OUTLOOK

The supply-side reform in the coal industry has continued to deepen, with further enhancement in production capacity concentration and intelligent mining. Raw coal output has grown moderately, while the establishment of the production capacity reserve system has reserved a certain scale of emergency capacity beyond regular capacity, effectively enhancing supply flexibility. Breakthroughs have been made in intelligent mining, with nearly one-fourth of coal mines achieving intelligent operations and over half of total capacity now coming from intelligent production, significantly improving production efficiency and safety standards. However, under the constraints of China's carbon peak and carbon neutrality targets, capacity expansion remains moderately restricted. Major coal-producing provinces have continued to concentrate capacity in resource-rich regions, while Xinjiang, leveraging its coal chemical industry, has become the main source of capacity increase. The shift in the role of coal from a fuel to an industrial feedstock has become increasingly pronounced. The coal import pattern has also changed, with import volumes declining for the first time in recent years, mainly due to the shrinking international price advantage and relatively weak domestic demand. At the same time, the "anti-involution" policies have brought greater order to production activities in major mining regions, facilitating stable and orderly supply. Overall, coal supply in the near future is expected to remain stable and sufficient. With the establishment of the capacity reserve system, cyclical fluctuations in the industry will weaken. Under the dual drives of energy security and low-carbon transition, the industry will continue to promote intelligent, clean and efficient utilisation.

On the demand side, coal demand exhibited a clear pattern of structural divergence among major coal-consuming industries. In the power sector, due to the substitution effect brought about by the rapid expansion of new energy generation, thermal power generation by large-scale enterprises nationwide recorded its first negative growth since 2016. Thermal power has been gradually shifting to the role of providing peak shaving support for new energy sources. The coal chemical industry stood out as the key growth driver, with major chemical products such as caustic soda and fertilisers recording output growth. The trend of coal transforming from a single fuel source to a "fuel + feedstock" dual role continued to strengthen, meaning that coal not only provides heat energy through combustion but also serves as a raw material in production processes, with its chemical components directly participating in reactions and eventually being converted into chemical products such as fertilisers and plastics. This development enhances the value of coal and promotes its clean and efficient utilisation. In contrast, coal consumption in metallurgy and building materials remained under pressure. A slowdown in infrastructure investment contributed to declines in national cement, pig iron and crude steel output, thereby dampening coal demand in these sectors. Overall, total coal consumption maintained modest growth, though at a slower pace than before, and coal's share in total energy consumption continued its downward trend. Looking ahead, under the overarching trend of green and low-carbon energy transition, coal consumption is expected to further evolve towards feedstock-oriented, peak-shaving and high-quality applications. The total consumption volume may enter a plateau phase with moderate fluctuations at a high level.

The Group anticipates continued operational challenges in the near future, and production is expected to remain below previous years' levels due to the following factors: (i) persistent geological complexities affecting production volume and coal quality; (ii) the streamlining of mining teams and delays in excavation work adversely affecting mining efficiency; and (iii) escalating compliance costs arising from safety and environmental regulations. Also, average selling prices continue to stay at a low level, and although production volume has slightly rebounded, it has yet to reach the levels of previous years, and economies of scale have not been achieved. Production and sales volume as well as cash flows have yet to break out of the negative cycle. The Group will continue to adopt an integrated approach to addressing the current operational difficulties, including expanding production output, managing coal quality, enhancing mining intelligence, implementing rigorous cost controls, carrying out preparatory work for the development of high-quality coal seams, negotiating favourable loan repayment schedules, and considering capital raising exercises and divestiture plans. Despite these efforts, the Group's profitability continues to face pressure, driven by unachieved economies of scale, compressed profit margins, increased interest expenses, and deteriorating cash flows. The Group's recovery hinges on restoring production volume, addressing liquidity challenges, improving operational efficiency, and diversifying into premium coal markets to mitigate cyclical risks. However, whether the Group will be able to obtain favourable repayment terms from its lenders/plaintiffs and when the decline in coal prices will reverse are external risks beyond the Group's control. Should these factors fail to improve substantially, they will pose a serious threat to the Group's going concern, cash flows, profitability and stability.

Energy security and stable power supply are essential to economic and social development, and coal, as the primary source of energy in China, remains the cornerstone of energy security. New energy is playing an increasingly important role in achieving long-term climate goals and ensuring long-term energy security, and its development has become the leading force in the current energy structure transformation. Against this backdrop, the present focus is on promoting the clean and efficient utilisation of coal and advancing its deep integration and coordinated development with new energy. This is reflected in the gradual expansion of coal's role from providing a basic guarantee of stable supply to contributing to flexible adjustment for new energy, participating in the construction of multi-energy complementary systems, and jointly building a more resilient and reliable modern energy system. Therefore, the Company remains cautiously optimistic about the coal industry in the medium to long term. When suitable opportunities arise, the Company will also consider other potential business projects that can provide its shareholders with desirable returns and benefit the Group as a whole. In particular, against the backdrop of the carbon peak and carbon neutrality targets, the Company will actively leverage the resources and experience of its major shareholder in the new energy sector to accelerate the exploration of investment opportunities in the new energy field.

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 2025.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 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 2025, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision C.2.1 as set out below.

Chairman and Chief Executive

Mr. WANG Xinhua resigned as the Chairman of the Company with effect from 27 October 2025 and was succeeded by Mr. LI Zongyang on the same date. The position of chief executive officer of the Company has remained vacant since 12 January 2024.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2025 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 2025 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 2026 annual general meeting of the Company is scheduled to be held on 26 June 2026 (the "2026 AGM"). The notice of 2026 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 2025 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 2026.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (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 2026 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 Monday, 22 June 2026.

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
LI Zongyang
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Director of the Company is Mr. LI Zongyang; and the independent non-executive Directors of the Company are Ms. LIANG Ying, Mr. LUI Tin Shun and Mr. WANG Xiufeng.