



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



2023 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HAN Weibing
(Chairman and Chief Executive Officer)
Mr. WANG Weidong *(Deputy Chairman)*
Mr. HE Jianhu
Mr. TAM Cheuk Ho
Mr. WONG Wah On Edward
Mr. YANG Guohua

Independent Non-executive Directors

Mr. CHAN Him Alfred
Mr. LO Kin Cheung
Mr. WANG Xiufeng

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

AUDIT COMMITTEE

Mr. LO Kin Cheung *(Chairman)*
Mr. CHAN Him Alfred
Mr. WANG Xiufeng

NOMINATION COMMITTEE

Mr. CHAN Him Alfred *(Chairman)*
Mr. LO Kin Cheung
Mr. WANG Xiufeng
Mr. TAM Cheuk Ho

REMUNERATION COMMITTEE

Mr. WANG Xiufeng *(Chairman)*
Mr. CHAN Him Alfred
Mr. LO Kin Cheung
Mr. HAN Weibing

ESG COMMITTEE

Mr. YANG Guohua *(Chairman)*
Mr. HAN Weibing
Mr. LIN Quanlong
Ms. QIN Lu
Mr. WANG Xiufeng

AUDITOR

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

REGISTERED OFFICE

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

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2205, Shun Tak Centre
200 Connaught Road Central
Sheung Wan
Hong Kong
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Facsimile: +852 28106963

COMPANY'S WEBSITE

<http://www.fsanthracite.com>

COMPANY'S STOCK CODE

1738.HK

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

(As to Hong Kong Law)
Lau, Horton & Wise LLP

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

PRINCIPAL BANKERS

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

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2023

- Revenue from continuing operations decreased by approximately 8.2% to approximately CNY641.3 million for the six months ended 30 June 2023 from approximately CNY698.8 million for the six months ended 30 June 2022
- Gross profit from continuing operations decreased by approximately 17.1% to approximately CNY224.3 million for the six months ended 30 June 2023 from approximately CNY270.7 million for the six months ended 30 June 2022
- Loss attributable to owners of the parent from continuing operations increased by approximately 42.6% to approximately CNY22.5 million for the six months ended 30 June 2023 from approximately CNY15.8 million for the six months ended 30 June 2022
- Basic loss per share from continuing operations was approximately CNY0.02

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the “Board”) of directors (the “Directors”) of Feishang Anthracite Resources Limited (the “Company”), I present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 (the “Reporting Period”).

BUSINESS REVIEW

During the first half of 2023, the impacts of the pandemic gradually faded away, but external risks and uncertainties, including the ongoing Russia-Ukraine conflict, interest rate hikes of many major economies and the associated potential recession, and Sino-US friction and technology blockade, continued to create challenges for China’s economy and Chinese enterprises. China was committed to pursuing a path of development through industrial transformation and upgrading, and no mass stimulus policy was implemented, especially in the real estate sector. Macroeconomic indicators revealed that the economy was self-repairing and gradually recovering, despite at a pace below expectation. In the first half of 2023, China’s gross domestic product (“GDP”) grew at a year-on-year (“YOY”) rate of 5.5%.

Within the coal industry, in the first half of 2023, coal supply was strong and sufficient relative to demand, leading to piling up coal industry inventories. On the supply side, although coal supply still lacked elasticity due to supply-side reform, low capital expenditures and tight safety and environmental regulations, the policy of securing coal supply was quite effective in expanding production capacity and increasing coal supply, and domestic raw coal production in the first half of 2023 increased by 4.4% YOY. Meanwhile, due to easing of geopolitical tensions, international coal price advantage, zero import tariffs and reopening of coal import from Australia, coal imports in the first half of 2023 increased at an unexpectedly high rate of 93% YOY. The above contributed to highly sufficient coal supply. On the demand side, total electricity consumption in the first half of 2023 increased by 5% YOY, lending support to a reviving thermal power industry which grew at 7.5% YOY, while hydropower fell by 22.9% YOY. Other downstream industries were relatively weak. Growth of the coal chemical industry was lower than expected. The iron and steel industry and the cement industry were also relatively slow in recovery due to the depressed real estate industry which was yet to recover. The economy and coal demand were self-repairing but at a rate below expectation. In the first half of 2023, the price of coal followed a clear declining trend.

For the six months ended 30 June 2023, the Group recorded consolidated loss attributable to owners of the parent of approximately CNY23.4 million. As disclosed in the Profit Warning announcement of the Company dated 21 July 2023, the Group recorded a decrease in revenue and gross profit for the six months ended 30 June 2023. This was due to the decline in the market price of coal caused by sufficient supply and high inventories in the industry chain in the first half of 2023. Furthermore, the Group’s operations were still affected by the geological complexities of current mining faces, the significant proportion of coal products being sold to power plants at regulated price, and the stringent safety and environmental regulatory environment. As a result, the average selling price and sales volume of the Group’s coal products decreased as compared to the corresponding period in 2022. Also, while the Group recorded a one-off profit from discontinued operations of approximately CNY27.8 million for the six months ended 30 June 2022, it did not record any profit from discontinued operations for the corresponding period in 2023. Furthermore, the Group continued to incur financial burden due to the existing interest-bearing loans carried forward from 2022, which further undermined the Group’s profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

- During the Reporting Period, total production volume of the Group was approximately 1.12 million tonnes. As at 30 June 2023, the total proved and probable reserve of the four coal mines under Australian Code prepared by the Joint Ore Reserves Committee (the “JORC Code”) was approximately 165.11 million tonnes (calculated as if the four coal mines were wholly owned by the Group and adjusted by deducting those reserves extracted by the Group’s mining activities from 1 August 2013 to 30 June 2023). For details, please refer to the Summary of Mine Properties as set out on page 59 of this report.

Compliance

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

Risk Management and Internal Control

The Board has overall responsibility for the effective risk management and internal control systems of the Group and is committed to the maintenance of good corporate governance, practices and procedures of the Group. In accordance with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), the Group continuously improves the risk management and internal control systems, and updates a number of policies. The Board believes that these measures will strengthen the risk management and internal control systems of the Group. As far as the Group is aware, there were no fraudulent practices brought to the Group’s attention during the Reporting Period.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group’s total revenue decreased by approximately 8.2% from approximately CNY698.8 million for the six months ended 30 June 2022 to approximately CNY641.3 million for the Reporting Period. This approximately CNY57.5 million decrease in revenue during the Reporting Period was mainly caused by the decline in the average selling price and the decrease in sales volume of self-produced anthracite coal. The sales volume of self-produced anthracite coal decreased from approximately 1.37 million tonnes for the six months ended 30 June 2022 to approximately 1.32 million tonnes for the Reporting Period, representing a decrease of approximately 3.6%, mainly due to the geological complexities of current mining faces encountered by the Group. The average selling price (net of value-added tax) of self-produced anthracite coal fell from CNY509.6 per tonne for the six months ended 30 June 2022 to CNY485.1 per tonne for the Reporting Period, representing a decrease of approximately 4.8%, mainly as a result of the drop in overall price of coal market in mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue from sales of processed coal (including coal screening and/or coal washing and coal blending), amounting to 54.5% and 62.2% of total revenue for the six months ended 30 June 2022 and the Reporting Period, respectively, increased from approximately CNY381.0 million (0.47 million tonnes sales volume) for the six months ended 30 June 2022 to approximately CNY398.6 million (0.60 million tonnes sales volume) during the Reporting Period. The increase in revenue from sales of processed coal was mainly contributed by the increase of 0.13 million tonnes in sales volume, notwithstanding a drop of CNY140.8 per tonne in the average selling price of processed coal. The reason for the decrease in the average selling price has been discussed above.

Cost of Sales

The Group's cost of sales decreased by approximately 2.6% from approximately CNY428.2 million for the six months ended 30 June 2022 to approximately CNY417.0 million for the Reporting Period. The decrease in cost of sales was mainly due to the decrease of approximately 3.6% in sales volume of self-produced anthracite coal.

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY113.0 million, representing a decrease of approximately CNY15.4 million, or approximately 11.9%, as compared with approximately CNY128.4 million for the six months ended 30 June 2022. The decrease in labour costs were proportionally higher than the decrease in sales volume of self-produced anthracite coal during the Reporting Period mainly because Dayun Coal Mine was able to achieve some economies of scale following the production expansion, which in turn led to the decline in labour cost per tonne of coal mining.

Material, fuel and energy costs for the Reporting Period were approximately CNY90.5 million, representing a decrease of approximately CNY2.2 million, or approximately 2.3%, as compared with approximately CNY92.7 million for the six months ended 30 June 2022. The decrease in material, fuel and energy costs were generally in line with the decrease in sales volume of self-produced anthracite coal during the Reporting Period.

Depreciation and amortisation for the Reporting Period were approximately CNY130.2 million, representing a decrease of approximately CNY1.5 million, or approximately 1.1%, as compared with approximately CNY131.7 million for the six months ended 30 June 2022. The decrease in depreciation and amortisation for the Reporting Period was mainly caused by the decrease in production volume.

Taxes and levies for the Reporting Period were approximately CNY30.3 million, representing a decrease of approximately CNY1.1 million, or approximately 3.5%, as compared with approximately CNY31.4 million for the six months ended 30 June 2022. The slight decrease in sales taxes and levies, which mainly consisted of ad valorem resource tax, was mainly due to the decrease in revenue of anthracite coal during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY33.7 million for the six months ended 30 June 2022 to approximately CNY41.6 million for the Reporting Period. This was mainly due to the increase in coal processing volume, and the increase in transportation fee from Dayun Coal Mine and Baiping Coal Mine to the coal beneficiation plant of Jinsha Juli Energy Co., Ltd. (“Jinsha Juli”) for coal processing.

Breakdown of the Group’s Unit Cost of Sales

Cost Items for Coal Mining Activities	Six months ended 30 June	
	2023 CNY/tonne	2022 CNY/tonne
Labour costs	85.5	93.6
Materials, fuel and energy	68.5	67.6
Depreciation and amortisation	98.5	96.1
Taxes & levies payable to governments	23.0	22.9
Other production-related costs	8.5	7.5
Total unit cost of sales for coal mining	284.0	287.7

Cost Items for Coal Processing Activities	Six months ended 30 June	
	2023 CNY/tonne	2022 CNY/tonne
Labour costs	11.8	10.7
Materials, fuel and energy	27.2	28.7
Depreciation	10.0	12.0
Taxes & levies payable to governments	2.7	3.8
Transportation fee	16.3	12.1
Other coal processing related costs	1.3	4.1
Total unit cost of sales for coal processing	69.3	71.4

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit decreased by approximately 17.1% from approximately CNY270.7 million for the six months ended 30 June 2022 to approximately CNY224.3 million for the Reporting Period. The overall gross margin, which is equal to gross profit divided by revenue, decreased from approximately 38.7% for the six months ended 30 June 2022 to approximately 35.0% for the Reporting Period. The decrease in overall gross profit and gross margin was mainly caused by the drop in the average selling price of anthracite coal as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss/Profit for the Reporting Period from Continuing Operations

The loss from continuing operations was approximately CNY17.4 million for the Reporting period, compared with the profit of approximately CNY1.4 million for the six months ended 30 June 2022. The increase in loss from continuing operations for the Reporting Period was mainly caused by the decrease of approximately CNY46.4 million in gross profit mainly resulting from the drop in average selling price and the decrease in sales volume of self-produced anthracite coal during the Reporting Period. The increase in loss was partially offset by (i) the decrease of approximately CNY22.7 million in income tax expense mainly due to the decrease in current profit before income tax and the increase in deferred income tax benefit resulting from the increase in unutilised tax losses; and (ii) the decrease of approximately CNY4.6 million in finance costs due to the decline in the average interest-bearing bank and other borrowings during the Reporting Period compared with the same period in 2022.

Loss Attributable to Owners of the Parent from Continuing Operations

The loss attributable to owners of the parent from continuing operations increased to approximately CNY22.5 million during the Reporting Period from approximately CNY15.8 million for the six months ended 30 June 2022. The reasons for the increase in the loss attributable to owners of the parent for the Reporting Period from continuing operations have been discussed above.

Discontinued Operations

(a) Discontinued operation of Gouchang Coal Mine

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2022 and 30 June 2023, the Group had net current liabilities of approximately CNY3,011.7 million and approximately CNY3,153.0 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the Reporting Period. As at 30 June 2023, the Group had cash and cash equivalents of approximately CNY34.5 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2023, the total outstanding amount of the Group’s short-term bank and other borrowings and the current portion of the Group’s outstanding long-term bank borrowings were approximately CNY1,584.9 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY182.6 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 Mining Co., Limited (“Guizhou Yongfu”), Guizhou Dayun Mining Co., Ltd. (“Guizhou Dayun”), Liuzhi Xinsong Coal Mining Co., Ltd. (“Xinsong Coal”) and Jinsha Baiping Mining Co., Ltd. (“Baiping Mining”), certain trade receivables in Jinsha Juli and Xinsong Coal, certain mining structure, machinery and equipment in Guizhou Dayun, Baiping Mining and Xinsong Coal. As at 30 June 2023, the Group had loans amounting to approximately CNY1,172.9 million with fixed interest rates ranging from 4.9% to 10.51% per annum. The remaining loans held by the Group as at 30 June 2023 had floating interest rates ranging from 6.775% to 7.35% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets of the Group

As at 31 December 2022 and 30 June 2023, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY1,661.3 million and approximately CNY1,646.0 million, respectively and the amount of outstanding bank borrowings that were guaranteed by certain associates of Mr. LI Feilie were approximately CNY1,661.3 million and approximately CNY1,646.0 million, respectively.

As at 31 December 2022 and 30 June 2023, certain mining rights of the Group with carrying amounts of approximately CNY508.1 million and approximately CNY500.0 million, respectively were pledged to secure bank loans with carrying amounts of approximately CNY1,532.6 million and approximately CNY1,438.6 million, respectively.

As at 31 December 2022, the Company's equity interest in Guizhou Puxin, Guizhou Dayun and Baiping Mining were pledged to secure bank loans with a carrying amount of CNY638.7 million, and as at 30 June 2023, the Company's equity interest in Guizhou Puxin, Guizhou Yongfu, Guizhou Dayun, Xinsong Coal and Baiping Mining were pledged to secure bank loans with a carrying amount of approximately CNY637.4 million.

As at 31 December 2022 and 30 June 2023, certain mining structure, machinery and equipment owned by the Group with carrying amounts of approximately CNY105.5 million and approximately CNY173.9 million, respectively were pledged to secure the loans with carrying amounts of approximately CNY43.7 million and approximately CNY127.4 million, respectively.

As at 31 December 2022 and 30 June 2023, certain trade receivables (including inter-company trade receivables) owned by the Group with carrying amounts of approximately CNY375.5 million and approximately CNY363.6 million, respectively were pledged to secure loans with carrying amounts of approximately CNY310.1 million and approximately CNY314.1 million, respectively.

Pledge of Shares by the Controlling Shareholder

As at 30 June 2023, working capital facilities of up to CNY200.0 million advanced by Guizhou Province Development Investment Company Limited ("GPDIC") from time to time to Guizhou Puxin have been made available by the pledging of 600,000,000 ordinary shares of the Company's issued share capital held by Feishang Group Limited (a controlling shareholder of the Company) in favour of GPDIC. For details of the pledge of shares, please refer to the announcement of the Company dated 19 May 2023. In addition, the above-mentioned advances by GPDIC have been guaranteed by the Company and its four subsidiary companies, Mr. LI Feilie and his associates, and an independent third party.

MANAGEMENT DISCUSSION AND ANALYSIS

Currency Exposure and Management

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

Capital Commitments

As at 30 June 2023, the Group had contractual capital commitments in respect of purchase of materials, machinery and equipment amounting to approximately CNY26.9 million.

Contingent Liabilities

As at 30 June 2023, except for the bank borrowings, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Gearing Ratio

As at 31 December 2022 and 30 June 2023, the gearing ratio (which is calculated by dividing total interest-bearing debt by total equity plus total interest-bearing debt at the end of the year/Reporting Period and multiplying by 100%) was 139.4% and 140.4%, respectively. There was no material fluctuation in the gearing ratio for the Reporting Period.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 1,843 full time employees (not including 1,422 workers provided by third party labour agencies) from continuing operations for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY165.3 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2022: approximately CNY181.4 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSEQUENT EVENTS

On 12 July 2023 and 13 July 2023, Guizhou Puxin received and fully drew down the loan facilities amounting to CNY390.0 million and CNY190.0 million from China Minsheng Banking Corp., Ltd., to be repaid on 12 July 2024 and 13 July 2024, respectively. The purpose of the loans is to finance working capital. The loans bear a fixed annual interest rate at 6.0% per annum and 7.0% per annum, respectively.

On 14 July 2023, Guizhou Puxin received and fully drew down a CNY8.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 13 July 2024. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.22% (3.55% per annum, resulting in an annual interest rate of 6.77% per annum).

On 31 July 2023, Guizhou Puxin and Baiping Mining, and CCTEG Financial Leasing Co., Ltd. (“CCTEG”) entered into the sale and leaseback arrangement for the sale of the relevant machinery and equipment to CCTEG for an aggregate consideration of CNY30.0 million and the leaseback of the relevant machinery and equipment from CCTEG for an aggregate consideration of CNY33.1 million. For details of the sale and leaseback arrangement, please refer to the announcement of the Company dated 31 July 2023. On 31 July 2023, Baiping Mining received the aggregate consideration of CNY30.0 million.

On 17 August 2023 and 24 August 2023, Guizhou Puxin received and fully drew down CNY32.0 million and CNY70.0 million short-term bank loans from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 16 August 2024 and 23 August 2024, respectively. The purpose of the loans is to purchase coal. The loans bear a fixed annual interest rate at 6.775% per annum.

PROSPECTS

Against the backdrop of China’s commitment to emission peak and carbon neutrality targets, and due to persistently low capital expenditures in new production capacity, long construction cycles, as well as tight safety and environmental regulations, the future expansion of production capacity and output in the coal industry is expected to remain mild and constrained. The policy of securing coal supply is expected to remain in place to stabilise and increase domestic coal production. Meanwhile, the growth of coal imports is expected to gradually slow down due to narrowing international price advantage. Overall, the increase of coal supply might continue but at a slower rate as compared to the first half of 2023.

On the demand side, the government has determined to step up policy efforts to stimulate the economy. A series of targeted and highly supportive fiscal and monetary stabilising policies and industrial policies are expected to be successively implemented and support China’s economy to speed up the current recovery trend, which will lend steady support to total electricity consumption as well as coal demand. The coal chemical industry is expected to continue to benefit from the supportive policies, further boosting coal demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see more policy supports in various innovative ways. In the near future, coal supply and demand are expected to both enjoy mild growth, and supply might still remain relatively sufficient. In the second half of 2023, the price of coal might gradually bottom out but is not expected to enjoy immediate and notable increase.

MANAGEMENT DISCUSSION AND ANALYSIS

In view of the stringent safety and environmental regulatory environment and increasingly intensified competition from both local and northern coal producers, the Group will continue to attach great importance to production safety and environmental protection, while actively focusing on high-quality production capacity expansion, coal quality management and product mix adjustment to improve the competitiveness and average selling price of its coal products and maintain high-end customers. The Group will also continue to improve production efficiency and intelligence and enhance refined management and cost control. Facing the longer-than-expected temporary deterioration in coal quality caused by geological complexities of current mining faces, the Group will continue to make strategic preparations for concentrated mining of high-quality coal in the coming years, in order to place itself in an advantageous position for competing in the high-quality coal market in the future.

The Company will also consider other business projects that can provide its shareholders with promising returns and benefit the Group as a whole when suitable opportunities arise. In particular, against the backdrop of emission peak and carbon neutrality targets, the Company will actively leverage the resources and experience of its major shareholder in the new energy sector to explore investment opportunities in the new energy sector.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. LO Kin Cheung, Mr. CHAN Him Alfred and Mr. WANG Xiufeng. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group’s interim condensed consolidated financial information for the Reporting Period.

The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the Company’s auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

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

By Order of the Board

Feishang Anthracite Resources Limited

HAN Weibing

Chairman and Chief Executive Officer

Hong Kong, 31 August 2023

OTHER INFORMATION

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

As at 30 June 2023, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. Li Feilie	Long position	Beneficial owner	15,000,000		
	Long position	Interest held by his controlled corporation	699,029,650	1, 3	
			714,029,650		51.72
Laitan Investments Limited	Long position	Interest held by its controlled corporation	699,029,650	1, 3	50.63
Feishang Group Limited	Long position	Beneficial owner	699,029,650	1, 3	50.63
Guizhou Province Development Investment Company Limited* (貴州省物資開發投資有限責任公司)	Long position	Person having a security interest in shares	600,000,000	3	43.46
Mr. Li Zongyang	Long position	Beneficial owner	49,740,000		
	Long position	Interest held by his controlled corporation	133,000,000	2	
			182,740,000		13.24
Shenzhen Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Industry Investment Holding Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Shenzhen Qianhai Feishang Investment Co., Ltd.	Long position	Interest held by its controlled corporation	133,000,000	2	9.63
Feishang Heyuan Investments Limited	Long position	Beneficial owner	133,000,000	2	9.63

OTHER INFORMATION

Notes:

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

* For identification purposes only

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

(I) The Company

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

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

China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. WONG Wah On Edward	Long position	Beneficial owner	80,000	0.98
Mr. TAM Cheuk Ho	Long position	Beneficial owner	56,386	0.69

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

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

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1 as set out below.

Chairman and Chief Executive

Mr. HAN Weibing is the chairman and chief executive officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision of the CG Code with Mr. HAN Weibing being the chairman and chief executive officer of the Company concurrently. The Board considers this arrangement is in the best interest of the Group as it allows for efficient discharge of the executive functions of the chief executive officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and senior management as well as relevant Board committees. The Board is therefore of the view that there are adequate measures in place to balance power and safeguard shareholders' interests.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

The Directors are not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2022 Annual Report of the Company.

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY

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

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

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

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

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

As at 30 June 2023, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 138,054,580 Shares available for issue under the Share Option Scheme (representing 10.0% of the existing issued Shares of the Company as at the date of this report).

INDEPENDENT REVIEW REPORT



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To the board of directors of Feishang Anthracite Resources Limited

(Incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 58, which comprises the condensed consolidated statement of financial position of Feishang Anthracite Resources Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1.1 to the interim condensed consolidated financial information which indicates that as at 30 June 2023, the Group had net current liabilities of CNY3,153.0 million and shareholders’ deficit of CNY566.8 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Ernst & Young
Certified Public Accountants
Hong Kong
31 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
Revenue	4	641,344	698,848
Cost of sales		(417,024)	(428,180)
Gross profit		224,320	270,668
Selling and distribution expenses		(58,246)	(60,933)
Administrative expenses		(81,595)	(79,719)
Other operating expenses, net		(35,389)	(34,337)
Finance costs	5	(74,383)	(79,005)
Interest income	6	808	432
Share of loss of an associate		–	(77)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	(24,485)	17,029
Income tax credit/(expense)	8	7,078	(15,665)
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(17,407)	1,364
DISCONTINUED OPERATIONS			
(LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3	(938)	27,471
(LOSS)/PROFIT FOR THE PERIOD		(18,345)	28,835
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(22,508)	(15,786)
From discontinued operations		(929)	27,475
		(23,437)	11,689
Non-controlling interests			
From continuing operations		5,101	17,150
From discontinued operations		(9)	(4)
		5,092	17,146
		(18,345)	28,835
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For loss from continuing operations	9	(0.02)	(0.01)
– For profit from discontinued operations	9	*	0.02
– Net (loss)/earnings per share		(0.02)	0.01

* Insignificant

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited) (Restated)
(LOSS)/PROFIT FOR THE PERIOD	(18,345)	28,835
Other comprehensive income		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,959)	(6,250)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	6,304	5,745
Other comprehensive loss for the period, net of tax	(655)	(505)
TOTAL COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	(19,000)	28,330
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	(23,163)	(16,291)
From discontinued operations	(929)	27,475
	(24,092)	11,184
Non-controlling interests		
From continuing operations	5,101	17,150
From discontinued operations	(9)	(4)
	5,092	17,146
	(19,000)	28,330

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 CNY'000 (Unaudited)	31 December 2022 CNY'000 (Audited) (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,596,191	2,615,683
Right-of-use assets	12(a)	301,525	286,830
Rehabilitation fund	13	19,246	12,448
Prepayments and other receivables	16	86,011	52,583
Deferred tax assets	8	58,258	56,071
TOTAL NON-CURRENT ASSETS		3,061,231	3,023,615
CURRENT ASSETS			
Inventories	14	41,092	38,688
Trade and bills receivables	15	67,942	82,042
Prepayments and other receivables	16	121,617	104,554
Financial assets at fair value through profit or loss		7,031	7,031
Pledged deposits	17	140,014	37,369
Cash and cash equivalents	17	34,452	24,713
TOTAL CURRENT ASSETS		412,148	294,397
TOTAL ASSETS		3,473,379	3,318,012
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	18	961,004	906,998
Other payables and accruals	19	780,984	619,205
Interest-bearing bank and other borrowings	20	1,584,854	1,496,404
Lease liabilities	12(b)	63,975	84,108
Interest payable		48,025	44,032
Income tax payable		48,916	85,773
Mining right payables		77,413	69,613
TOTAL CURRENT LIABILITIES		3,565,171	3,306,133

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2023

	Notes	30 June 2023 CNY'000 (Unaudited)	31 December 2022 CNY'000 (Audited) (Restated)
NON-CURRENT LIABILITIES			
Due to a related company	25(b)	97,718	144,686
Due to the Shareholder	25(b)	13,700	12,359
Interest-bearing bank and other borrowings	20	182,551	214,897
Lease liabilities	12(b)	46,985	48,551
Deferred tax liabilities	8	88,905	85,326
Deferred income	21	14,281	15,706
Mining rights payables		15,600	23,400
Asset retirement obligations	22	15,277	14,763
TOTAL NON-CURRENT LIABILITIES		475,017	559,688
TOTAL LIABILITIES		4,040,188	3,865,821
EQUITY			
Share capital	23	1,081	1,081
Reserves		(822,066)	(797,974)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(820,985)	(796,893)
NON-CONTROLLING INTERESTS		254,176	249,084
TOTAL EQUITY		(566,809)	(547,809)
TOTAL LIABILITIES AND EQUITY		3,473,379	3,318,012

Han Weibing

Chairman and Executive Director

Wong Wah On Edward

Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent										
	Share capital CNY'000 (Note 23)	Share premium account* CNY'000	Safety fund and production maintenance fund* CNY'000	Special reserve* CNY'000	Accumulated losses* CNY'000	Exchange fluctuation reserve* CNY'000	Total CNY'000	Non- controlling interests CNY'000	Total equity CNY'000		
At 31 December 2021 (audited)	1,081	204,524	329,380	30,724	(1,420,427)	5,513	(849,205)	201,131	(648,074)		
Effect of adoption of amendments to IAS 12 (Note 1.2(c))	-	-	-	-	1	-	1	-	1		
At 1 January 2022 (restated)	1,081	204,524	329,380	30,724	(1,420,426)	5,513	(849,204)	201,131	(648,073)		
Profit for the period (restated)	-	-	-	-	11,689	-	11,689	17,146	28,835		
Exchange differences on translation of foreign operations	-	-	-	-	-	(505)	(505)	-	(505)		
Total comprehensive income for the period (restated)	-	-	-	-	11,689	(505)	11,184	17,146	28,330		
Disposal of equity interests in a subsidiary	-	-	(2,572)	-	2,572	-	-	-	-		
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	(19,145)	-	19,145	-	-	-	-		
At 30 June 2022 (unaudited and restated)	1,081	204,524	307,663	30,724	(1,387,020)	5,008	(838,020)	218,277	(619,743)		
At 31 December 2022 (audited)	1,081	204,524	296,176	30,724	(1,334,140)	4,717	(796,918)	249,084	(547,834)		
Effect of adoption of amendments to IAS 12 (Note 1.2(c))	-	-	-	-	25	-	25	-	25		
At 1 January 2023 (restated)	1,081	204,524	296,176	30,724	(1,334,115)	4,717	(796,893)	249,084	(547,809)		
Loss for the period	-	-	-	-	(23,437)	-	(23,437)	5,092	(18,345)		
Exchange differences on translation of foreign operations	-	-	-	-	-	(655)	(655)	-	(655)		
Total comprehensive loss for the period	-	-	-	-	(23,437)	(655)	(24,092)	5,092	(19,000)		
Appropriation and utilisation of the safety fund and production maintenance fund, net	-	-	5,348	-	(5,348)	-	-	-	-		
At 30 June 2023 (unaudited)	1,081	204,524	301,524	30,724	(1,362,900)	4,062	(820,985)	254,176	(566,809)		

* These reserve accounts comprise the consolidated negative reserves of CNY822.1 million (30 June 2022: consolidated negative reserves of CNY839.1 million) as at 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		445,958	411,011
Interest received		808	432
Interest paid		(63,301)	(77,333)
Income tax paid		(28,387)	(11,322)
Net cash flows from operating activities		355,078	322,788
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(201,727)	(149,987)
Proceeds from financial assets at fair value through profit or loss		–	38
Proceeds from disposal of property, plant and equipment		–	131
Net cash flows used in investing activities		(201,727)	(149,818)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		475,483	320,781
Repayments of interest-bearing bank and other borrowings		(419,379)	(418,431)
Decrease in restricted bank deposits		(103,014)	26,281
Advances from the Shareholder		1,341	2,016
Advances from a related company		529,918	365,335
Repayments to a related company		(574,346)	(403,735)
Principal portion of lease payments		(53,615)	(59,925)
Net cash flows used in financing activities		(143,612)	(167,678)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes, net		–	(505)
Cash and cash equivalents at the beginning of the period		24,713	23,952
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	34,452	28,739

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information has been prepared on the historical cost basis. The interim condensed consolidated financial information is presented in Chinese Yuan ("CNY") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30 June 2023, the Group had net current liabilities of CNY3,153.0 million (31 December 2022: CNY3,011.7 million) and total assets less current liabilities of negative CNY91.8 million (31 December 2022: CNY11.9 million).

Going Concern

As at 30 June 2023, the Group had net current liabilities of CNY3,153.0 million and shareholders' deficit of CNY566.8 million. In view of these circumstances, the directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise"), controlled by Mr. Li Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised IFRSs that are applicable to the Group for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.2 Changes in Accounting Policies and Disclosures (continued)

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities* arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.2 Changes in Accounting Policies and Disclosures (continued)

(c) (continued)

Impact on the interim condensed consolidated statement of financial position:

		Increase/(decrease)		
		As at 30 June 2023 CNY'000	As at 31 December 2022 CNY'000	As at 1 January 2022 CNY'000
Assets				
Deferred tax assets	(i)	120	288	491
Total non-current assets		120	288	491
Total assets		120	288	491
Liabilities				
Deferred tax liabilities	(i)	125	263	490
Total non-current liabilities		125	263	490
Total liabilities		125	263	490
Net (liabilities)/assets		(5)	25	1
Equity				
Accumulated (loss)/profits (included in reserves)		(5)	25	1
Equity attributable to owners of the parent		(5)	25	1
Non-controlling interests		–	–	–
Total equity		(5)	25	1

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.2 Changes in Accounting Policies and Disclosures (continued)

(c) (continued)

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease)	
	For the six months ended 30 June	
	2023	2022
	CNY'000	CNY'000
Income tax credit from continuing operations	–	15
Income tax expense from continuing operations	(30)	–
(Loss)/profit for the period from continuing operations	(30)	15
(Loss)/profit for the period	(30)	15
Attributable to:		
Owners of the parent	(30)	15
Non-controlling interests	–	–
	(30)	15
<i>Impact on the interim condensed consolidated statement of comprehensive income:</i>		
Total comprehensive (loss)/income for the period	(30)	15
Attributable to:		
Owners of the parent	(30)	15
Non-controlling interests	–	–
	(30)	15

The adoption of amendments to IAS 12 did not have significant impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, and did not have impact on other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

1.2 Changes in Accounting Policies and Disclosures (continued)

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

2. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2023, the Group had only one operating segment: extraction and sale of anthracite coal, and trading of anthracite coal.

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

Geographical Information

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

Information About Major Customers

During the six months ended 30 June 2023, revenue derived from sales to the largest customer amounted to 21.5% of the consolidated revenue. During the six months ended 30 June 2022, revenue derived from sales to the three largest customers amounted to 22.7%, 13.9% and 12.6% of the consolidated revenue, respectively.

3. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China (the "PRC"), which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending the acquisition of a nearby coal mine to achieve certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposals approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. During the six months ended 30 June 2023, substantially all the work at Gouchang Coal Mine had ceased, and therefore, the operating results have been reclassified to a discontinued operation for the purpose of preparing the interim condensed consolidated statement of profit or loss.

* For identification purposes only

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3. DISCONTINUED OPERATIONS (continued)

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

The results of Gouchang Coal Mine for the six months ended 30 June 2023 and 2022 are presented below:

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Finance costs	–	(1)
Administrative expenses	(938)	(352)
LOSS BEFORE INCOME TAX	(938)	(353)
Income tax expense	–	–
LOSS FOR THE PERIOD FROM A DISCONTINUED OPERATION	(938)	(353)
Attributable to:		
Owners of the parent	(929)	(349)
Non-controlling interests	(9)	(4)
	(938)	(353)

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

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Operating activities	(471)	(376)
Financing activities	614	399
Net cash inflow	143	23

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3. DISCONTINUED OPERATIONS (continued)

- (b) Discontinued operation of Guizhou Nayong Dayuan Coal Mining Co., Ltd. (“Guizhou Dayuan”) (continued)

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

The results of the discontinued operation are presented below:

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

3. DISCONTINUED OPERATIONS (continued)

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

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
(Loss)/profit for the period attributable to ordinary equity holders of the parent from discontinued operations	(929)	27,475
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
(Loss)/earnings per share attributable to ordinary equity holders of the parent from discontinued operations (CNY per share):		
Basic and diluted	*	0.02

* Insignificant

4. REVENUE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Revenue from contracts with customers	641,344	698,848

(i) Disaggregated revenue information

	Six month ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Types of goods		
Sale of coal	641,229	698,673
Coal trading	115	175
	641,344	698,848
Geographic market		
Mainland China	641,344	698,848
Timing of revenue recognition		
Goods transferred at a point of time	641,344	698,848

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

4. REVENUE FROM CONTINUING OPERATIONS (Continued)

(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.

As almost all of the Group's contracts provide for a credit period of less than one year after the transfer of the associated goods or services, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2023	2022
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	61,277	66,717
Interest on lease liabilities	3,739	4,700
Interest on payables for mining rights	2,278	1,073
Total interest expense	67,294	72,490
Bank charges	444	1,402
Discount interest	6,131	4,634
Accretion expenses	514	479
	74,383	79,005

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

6. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Crediting:		
Interest income on bank deposits	(808)	(432)
Government grant (a)	(3,671)	(1,625)
Charging:		
Cost of inventories sold (b)	326,345	321,480
Sales tax and surcharge	31,972	32,177
Utilisation of the safety fund and production maintenance fund	58,707	74,523
Cost of sales	417,024	428,180
Employee benefit expenses (Note 7)	164,725	180,949
Depreciation, depletion and amortisation:		
– Property, plant and equipment	127,806	131,083
– Right-of-use assets	17,221	14,047
Lease payments not included in the measurement of lease liabilities	1,096	164
Impairment of financial assets, net	530	2,536
Impairment of investment in an associate	–	720
Loss on disposal of property, plant and equipment	–	3,253
Gains from financial assets at fair value through profit or loss	–	(458)
Repairs and maintenance	28,917	19,403
Transportation fee	43,335	46,888

- (a) The government grant with a total amount of CNY3.7 million was included in other operating income for the six months ended 30 June 2023 (six months ended 30 June 2022: CNY1.6 million).
- (b) Included in the cost of inventories sold was CNY246.2 million for the six months ended 30 June 2023 (six months ended 30 June 2022: CNY264.0 million) relating to employee benefit expenses and depreciation, depletion and amortisation, which are also included in the respective amounts disclosed separately above for each type of expenses.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

7. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Wages, salaries and allowances	145,834	165,387
Contribution to pension plans (a)	4,934	3,603
Housing funds (a)	1,282	1,046
Welfare and other expenses	13,260	11,321
	165,310	181,357

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

Employee benefits charged to (loss)/profit from continuing operations are analysed as follows:

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Total employee benefits accrued for the period	165,310	181,357
Less: Amount included in inventories	(585)	(408)
Amount charged to (loss)/profit from continuing operations (Note 6)	164,725	180,949

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

The Company is a limited liability company incorporated in the British Virgin Islands (“BVI”) and conducts its primary business through its subsidiaries in Mainland China. 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 six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). The Company’s Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation had tax losses during the six months ended 30 June 2023 and 2022. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on corporate income tax (“CIT”) and Implementation Regulation of the Corporate Income Tax Law (the “CIT Law”), the tax rate applicable to PRC group entities was 25% during the six months ended 30 June 2023 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 the 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)” (six months ended 30 June 2022: 25%).

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

As of 30 June 2023, the Group did not recognise deferred tax liabilities for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Mainland China as there were no undistributed earnings available due to the aggregate loss of these subsidiaries.

The current and deferred components of income tax credit/(expense) from the continuing operations are as follows:

	Six months ended 30 June	
	2023	2022
	CNY’000	CNY’000
	(Unaudited)	(Unaudited)
		(Restated)
Current – Mainland China	8,470	5,443
Deferred – Mainland China	(1,392)	(21,108)
	7,078	(15,665)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited) (Restated)
Deferred tax assets		
Accrued liabilities and other payables	4,337	3,989
Dismantled assets	3,678	3,554
Capitalised pilot run income	9,159	9,592
Tax losses	49,753	48,285
Depreciation of property, plant and equipment	30,642	30,001
Right-of-use assets	9,918	11,338
Bad debt provision	5,664	5,664
	113,151	112,423
Deferred tax liabilities		
Asset retirement obligations	(1,073)	(1,084)
Lease liabilities	(5,729)	(6,319)
Depreciation and fair value adjustment of property, plant and equipment	(136,996)	(134,275)
	(143,798)	(141,678)
Net deferred tax liabilities	(30,647)	(29,255)
Classification in the interim condensed consolidated statement of financial position:		
Deferred tax assets	58,258	56,071
Deferred tax liabilities	(88,905)	(85,326)

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

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

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

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

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited) (Restated)
(Loss)/profit for the period attributable to ordinary equity holders of the parent:		
From continuing operations	(22,508)	(15,786)
From discontinued operations	(929)	27,475
	(23,437)	11,689
Weighted average number of ordinary shares ('000 shares):		
Basic and diluted	1,380,546	1,380,546
(Loss)/earnings per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic and diluted		
From continuing operations	(0.02)	(0.01)
From discontinued operations	*	0.02
	(0.02)	0.01

* Insignificant

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the additions of property, plant and equipment (excluding the items transferred from construction in progress) and construction in progress amounted to CNY9.7 million (six months ended 30 June 2022: CNY17.3 million) and CNY92.4 million (six months ended 30 June 2022: CNY143.2 million), respectively.

During the six months ended 30 June 2023, the total depreciation accrued was CNY127.8 million (six months ended 30 June 2022: CNY131.1 million).

As at 30 June 2023, certain mining rights with a carrying amount of CNY500.0 million (31 December 2022: CNY508.1 million) were pledged to secure bank loans with a carrying amount of CNY1,438.6 million (31 December 2022: CNY1,532.6 million) (Note 20).

As at 30 June 2023, certain mining structure, machinery and equipment with a carrying amount of CNY173.9 million (31 December 2022: CNY105.5 million) were pledged to secure bank loans with a carrying amount of CNY127.4 million (31 December 2022: CNY43.7 million) (Note 20).

As at 30 June 2023, certain buildings with a carrying amount totalling CNY93.0 million (31 December 2022: CNY92.5 million) were without title certificates.

12. LEASES

(a) Right-of-use assets

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

	Leasehold land CNY'000	Machinery and equipment CNY'000	Buildings CNY'000	Total CNY'000
As at 1 January 2022	54,514	270,265	5,459	330,238
Additions	1,050	63,937	877	65,864
Depreciation charge	(541)	(22,788)	(2,058)	(25,387)
Reclassified to property, plant and equipment	–	(83,885)	–	(83,885)
As at 31 December 2022 and 1 January 2023	55,023	227,529	4,278	286,830
Additions	–	31,916	–	31,916
Depreciation charge	(306)	(15,912)	(1,003)	(17,221)
As at 30 June 2023	54,717	243,533	3,275	301,525

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

12. LEASES (continued)

(b) Lease liabilities

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Carrying amount at the beginning of period/year	132,659	178,087
New leases	31,916	65,864
Accretion expense	3,739	10,581
Payments	(57,354)	(121,873)
Carrying amount at the end of period/year	110,960	132,659
Analysed into:		
Current portion	63,975	84,108
Non-current portion	46,985	48,551

13. REHABILITATION FUND

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

14. INVENTORIES

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Spare parts and consumables	39,828	35,232
Coal	3,074	5,266
Less: Provision for impairment	(1,810)	(1,810)
	41,092	38,688

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

15. TRADE AND BILLS RECEIVABLES

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Trade receivables	106,181	126,727
Less: Loss allowance for impairment of trade receivables	(54,031)	(53,501)
	52,150	73,226
Bills receivable	15,792	8,816
	67,942	82,042

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

Trade receivables (including inter-company trade receivables) of CNY363.6 million (31 December 2022: CNY375.5 million) were pledged as security for a short-term loan of CNY314.1 million (31 December 2022: CNY310.1 million) as at 30 June 2023 (Note 20).

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

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Within 3 months	42,363	69,483
3 to 6 months	6,286	373
6 to 12 months	1,228	385
Over 12 months	2,273	2,985
	52,150	73,226

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

15. TRADE AND BILLS RECEIVABLES (continued)

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
At the beginning of the period/year	53,501	53,357
Impairment loss recognised	530	3,715
Reversal of impairment	–	(3,571)
At the end of the period/year	54,031	53,501

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

16. PREPAYMENTS AND OTHER RECEIVABLES

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Current:		
Prepayments for purchase of spare parts and consumables	40,715	33,282
Deposits	19,883	26,571
Advances to staff	9,212	9,967
Withheld social security	31,483	29,534
Value-added tax recoverable	17,676	4,086
Prepaid transportation fee	2,628	1,721
Prepayments for coals for trading purposes	5,392	5,392
Others	4,777	4,150
Less: Provision for impairment	(10,149)	(10,149)
	121,617	104,554
Non-current:		
Prepayments for construction-related work	61,142	33,069
Prepayments for equipment purchases	25,559	20,604
Prepayments for mining plan design	1,241	1,241
Others	1,582	1,182
Less: Provision for impairment	(3,513)	(3,513)
	86,011	52,583
	207,628	157,137

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

16. PREPAYMENTS AND OTHER RECEIVABLES (continued)

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Current:		
At the beginning of the period/year	10,149	7,548
Impairment losses recognised	–	2,601
Sub-total	10,149	10,149
Non-current:		
At the beginning of the period/year	3,513	3,513
Sub-total	3,513	3,513
At the end of the period/year	13,662	13,662

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Pledged deposits (i):		
Pledged and restricted for bank bills (Note 18)	138,014	35,000
Restricted bank deposits	2,000	2,369
Cash and cash equivalents	34,452	24,713
	174,466	62,082

- (i) Pledged deposits mainly include deposits of CNY138.0 million (31 December 2022: CNY35.0 million) held as security for bank bills and restricted bank deposits frozen due to a lawsuit of CNY2.0 million (31 December 2022: CNY2.4 million) as at 30 June 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
CNY	174,325	61,432
Hong Kong dollar	141	650
	174,466	62,082

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

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

18. TRADE AND BILLS PAYABLES

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Trade payables (a)	785,004	861,998
Bills payable (b)	176,000	45,000
	961,004	906,998

(a) Included in trade payables was CNY398.9 million (31 December 2022: CNY445.2 million) due to construction-related contractors as at 30 June 2023.

(b) Pledged deposits of CNY138.0 million (31 December 2022: CNY35.0 million) were pledged to secure the bank bills as at 30 June 2023 (Note 17).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

18. TRADE AND BILLS PAYABLES (continued)

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Within one year	280,583	397,766
One to two years	468,551	424,334
More than two years	35,870	39,898
	785,004	861,998

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

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

19. OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Deposits from contractors	206,764	207,392
Social security payable (a)	95,391	97,610
Payroll payable	51,780	64,349
welfare payable	435	–
Contract liabilities (b)	293,394	86,569
Other taxes payable	78,962	102,974
Professional fee	2,283	3,472
Payables for emergency rescue of the coal mine	4,000	4,000
Geological hazard compensation	4,360	9,785
Others	43,615	43,054
	780,984	619,205

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

19. OTHER PAYABLES AND ACCRUALS (continued)

- (a) The social security payable consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the Group's employees.
- (b) Contract liabilities include short-term advances received to deliver coal. In May 2023, Guizhou Puxin signed a contract for sales of coal with Guizhou Province Development Investment Co., Ltd. * (貴州省物資開發投資有限公司) and received the prepayment for coal amounting to CNY200,000,000 according to the contract terms. Feishang Group Limited pledged 600,000,000 ordinary shares of the Company held by it to secure the delivery of coal mentioned in the contract. Besides, Mr. Li Feilie, Ms. Wang Jing (the spouse of Mr. Li Feilie), the Company, the Group's subsidiaries including Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu"), Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun"), Jinsha Baiping Mining Co., Ltd. ("Baiping Mining") and Liuzhi Xinsong Coal Mining Co., Ltd. ("Xinsong Coal"), the Group's related parties including Feishang Enterprise and Guizhou Feishang Energy Co., Ltd.* (貴州飛尚能源有限公司) and the independent third party including Guizhou Credit Promotion Co., Ltd.* (貴州省信用增進有限公司) also provided guarantees for the delivery of coal. According to IFRS 15, as the contract provides for a credit period of less than one year after the transfer of coal, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

* For identification purposes only

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Current		
Bank and other borrowings – guaranteed	150,920	85,000
Bank and other borrowings – secured	50,000	50,000
Bank and other borrowings – secured and guaranteed	1,276,106	1,245,096
Current portion of long-term bank and other borrowings – secured and guaranteed	107,828	116,308
	1,584,854	1,496,404
Non-current		
Bank and other borrowings – guaranteed	477	–
Bank and other borrowings – secured and guaranteed	182,074	214,897
	182,551	214,897
	1,767,405	1,711,301

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

- (1) pledges over the Group's mining rights with a carrying amount of CNY500.0 million (31 December 2022: CNY508.1 million) as at 30 June 2023 (Note 11);
- (2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun, Baiping Mining, Xinsong Coal and Guizhou Yongfu as at 30 June 2023, and pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun and Baiping Mining as at 31 December 2022;
- (3) pledges over trade receivables in Xinsong Coal and Jinsha Juli with a carrying amount of CNY363.6 million (31 December 2022: CNY375.5 million) as at 30 June 2023 (Note 15); and
- (4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun, Baiping Mining, and Xinsong Coal with a carrying amount of CNY79.8 million, CNY20.6 million and CNY73.5 million, respectively (31 December 2022: CNY83.5 million, CNY22.0 million and nil, respectively) as at 30 June 2023 (Note 11).

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,646.0 million (31 December 2022: CNY1,661.3 million) as at 30 June 2023. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY1,646.0 million (31 December 2022: CNY1,661.3 million) as at 30 June 2023.

All borrowings are denominated in CNY.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

21. DEFERRED INCOME

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
At the beginning of period/year	15,706	18,557
Amortised during the period/year	(1,425)	(2,851)
At the end of period/year	14,281	15,706

22. ASSET RETIREMENT OBLIGATIONS

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

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

	Amount CNY'000
At 1 January 2022	13,804
Accretion expenses	959
At 31 December 2022 and 1 January 2023 (audited)	14,763
Accretion expenses	514
At 30 June 2023 (unaudited)	15,277

23. SHARE CAPITAL

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.001 each (31 December 2022: 100,000,000,000 ordinary shares of HK\$0.001 each)	79,960	79,960
Issued and fully paid:		
1,380,545,800 ordinary shares of HK\$0.001 each (31 December 2022: 1,380,545,800 ordinary shares of HK\$0.001 each)	1,081	1,081

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

24. COMMITMENTS

Capital commitments

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	26,893	15,081
– Capital contribution to associates	11,600	11,600
	38,493	26,681

25. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Payment of share of office rental, rates and others to Anka Consultants Limited (“Anka”) (i)/(ii)	302	309
Payment of share of office rental to Feishang Enterprise (i)/(iii)	82	82

- (i) The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) On 1 July 2020, the Company and China Natural Resources, Inc. (“CHNR”), a related company which is controlled by the controlling shareholder of the Group, signed the office sharing agreement with Anka, a Hong Kong private company that is owned by certain directors. Pursuant to the agreement, 119 square meters out of the total area of the office premises were used by the Company, and 184 square metres were used by CHNR. The agreement also provided that the Company and CHNR shared certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka. On 25 July 2022, the Company’s lease with Anka was extended for two years, from 1 July 2022 to 30 June 2024.
- (iii) On 1 January 2019, Shenzhen Chixin Information and Consulting Co., Ltd. (“Shenzhen Chixin”), a wholly-owned subsidiary of the Group, entered into an office sharing leasing agreement with Feishang Enterprise. Pursuant to the agreement, the office premises of 40 square metres were used by the Company. In September 2022, the agreement expired, and Shenzhen Chixin signed the new contract with Feishang Enterprise for one year, from 1 October 2022 to 30 September 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

25. RELATED PARTY TRANSACTIONS (continued)

- (a) The Group had the following transactions with related parties during the period: (continued)

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

- (b) **Outstanding balance with related parties**

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

	At 30 June 2023 CNY'000 (Unaudited)	At 31 December 2022 CNY'000 (Audited)
Payables to the Shareholder:		
Feishang Group Limited	13,700	12,359
	13,700	12,359
Payables to a related company:		
Feishang Enterprise (i)	97,718	144,686
	97,718	144,686
Lease liabilities due to a related company:		
Anka	448	665
	448	665

- (i) During the six months ended 30 June 2023, the Group made advances from Feishang Enterprise CNY530.0 million (six months ended 30 June 2022: CNY365.3 million) and repayments to Feishang Enterprise CNY574.3 million (six months ended 30 June 2022: CNY403.7 million).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

25. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Wages, salaries and allowances	2,496	1,991
Contribution to pension plans	57	52
Housing funds	39	31
Welfare and other expenses	51	24
	2,643	2,098

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

At 30 June 2023

	Fair value measurement using			Total CNY'000 (Unaudited)
	Quoted prices in active markets (Level 1) CNY'000 (Unaudited)	Significant observable inputs (Level 2) CNY'000 (Unaudited)	Significant unobservable inputs (Level 3) CNY'000 (Unaudited)	
Financial assets at fair value through profit or loss	–	7,031	–	7,031
Trade and bills receivables	–	15,792	–	15,792
Total	–	22,823	–	22,823

At 31 December 2022

	Fair value measurement using			Total CNY'000 (Audited)
	Quoted prices in active markets (Level 1) CNY'000 (Audited)	Significant observable inputs (Level 2) CNY'000 (Audited)	Significant unobservable inputs (Level 3) CNY'000 (Audited)	
Financial assets at fair value through profit or loss	–	7,031	–	7,031
Trade and bills receivables	–	8,816	–	8,816
Total	–	15,847	–	15,847

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

27. EVENTS AFTER THE REPORTING PERIOD

On 12 July 2023 and 13 July 2023, Guizhou Puxin received and fully drew down the loan facilities amounting to CNY390.0 million and CNY190.0 million from China Minsheng Banking Corp., Ltd., which are to be repaid on 12 July 2024 and 13 July 2024, respectively. The purpose of the loans is to finance working capital. The loans bear a fixed annual interest rate at 6.0% per annum and 7.0% per annum, respectively.

On 14 July 2023, Guizhou Puxin received and fully drew down a CNY8.0 million short-term bank loan from Liupanshui branch of Bank of Guizhou Co., Ltd., which is to be repaid on 13 July 2024. The purpose of the loan is to purchase coal. The loan bears a floating annual interest rate equal to the latest one-year loan prime rate stipulated by the National Interbank Funding Center plus 3.22% (3.55% per annum, resulting in an annual interest rate of 6.77% per annum).

On 31 July 2023, Guizhou Puxin and Baiping Mining, and CCTEG Financial Leasing Co., Ltd. (“CCTEG”) entered into the sale and leaseback arrangement for the sale of the relevant machinery and equipment to CCTEG for an aggregate consideration of CNY30.0 million and the leaseback of the relevant machinery and equipment from CCTEG for an aggregate consideration of CNY33.1 million. For details of the sale and leaseback arrangement, please refer to the announcement of the Company dated 31 July 2023. On 31 July 2023, Baiping Mining received the aggregate consideration of CNY30.0 million.

On 17 August 2023 and 24 August 2023, Guizhou Puxin received and fully drew down CNY32.0 million and CNY70.0 million short-term bank loans from Liupanshui branch of Bank of Guizhou Co., Ltd. to be repaid on 16 August 2024 and 23 August 2024, respectively. The purpose of the loans is to purchase coal. The loans bear a fixed annual interest rate at 6.775% per annum.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2023.

SUMMARY OF MINE PROPERTIES

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

Mine	Commercial Production			Discontinued Operation	
	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujibaba Coal Mine (Note 2)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	n/a
Reserve data (as of 31 July 2013) (Note 3)					
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	n/a
Total proved and probable reserve (million tonnes)	22.48	51.96	97.29	13.60	n/a
Reserve data (as of 30 June 2023) (Note 4)					
Proved reserve (million tonnes)	0.33	–	6.91	–	n/a
Probable reserve (million tonnes)	19.04	43.72	84.79	10.32	n/a
Total proved and probable reserve (million tonnes)	19.37	43.72	91.70	10.32	n/a
Capital expenditure for the six months ended 30 June 2023 (CNY in millions) (Note 5)	63.9	54.9	58.0	21.0	n/a

SUMMARY OF MINE PROPERTIES

Notes:

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