FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code : 1738

Annual Report 2023

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Xinhua
(Chairman)
Mr. FU Jiangen
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. WANG Xinhua

ESG COMMITTEE

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

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

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COMPANY'S WEBSITE

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STOCK CODE

1738.HK

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PO Box 1093
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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

WE ARE COMMITTED TO
BECOMING ONE OF THE

MOST COMPETITIVE ANTHRACITE RESOURCE ENTERPRISES

IN SOUTHWEST CHINA

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Feishang Anthracite Resources Limited ("Feishang Anthracite" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023 to the shareholders of the Company (the "Shareholders").

REVIEW

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

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

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

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

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

OUTLOOK

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

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

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

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

APPRECIATION

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

Wang Xinhua
Chairman

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During 2023, the world continued to witness geopolitical conflicts in different regions and persistently high interest rates in many major economies, which dampened economic energy and affected China's economic recovery. China's economy faced not only external challenges but also internal risks, including the real estate risk and debt risk, and the three economic engines – consumption, investment and export – were all weaker than expected. The central government pursued expansionary macroeconomic policies and highly supportive industrial policies to stabilize the economy. Macroeconomic indicators revealed that the economy was self-repairing and gradually recovering, though at a pace below expectation. Overall, coal demand was stable and supported. On the supply side, due to persistently low capital expenditures and long construction cycles in the coal industry, new production capacity grew slowly and is not expected to improve significantly in the near future. Coal imports increased at a high rate, which increased coal supply and disturbed the market price of coal in the first half of 2023, but the market went back to a tight balance in the second half. Overall, the price of coal declined notably as compared to 2022 but still remained at a relatively high level.

In 2023, the sales volume and average selling price of the Group's coal products decreased as compared to the prior year. Two major coal mines of the Group, Yongsheng Coal Mine and Dayun Coal Mine, experienced several incidents of gas overruns caused by untimely gas discharge in the mining process which exceeded the applicable regulatory limits since 4 October 2023 and 21 October 2023 respectively and suspended production until February and March 2024 respectively. This temporary suspension of production of major coal mines from late 2023 to early 2024 led to a decrease in the Group's production volume in 2023 and will also affect production volume in 2024. The geological complexities of current mining faces, coupled with the reduction in capital expenditures over the past few years and the stringent safety and environmental regulatory environment, constrained and will continue to constrain the production capacity of the Group. The inability to quickly release more production capacity inevitably limited the Group's ability to benefit from the current strong coal market sentiment. The average selling price of the Group's coal products also decreased in 2023. This was not only due to the decline in the market price of coal in China in 2023 but also due to the longer-than-expected temporary deterioration in coal quality due to geological complexities of current mining faces. Another reason is that under long-term supply agreements and the policy of securing thermal coal supply, the Group sold a significant proportion of coal products to power plants at regulated price, which squeezed sales of high-priced coal. The above resulted in a decrease in revenue and profitability of the Group for the year ended 31 December 2023.

Safety supervision and inspection has become increasingly tight in 2023. The Group, as usual, remained highly vigilant on mine safety and took various safety precautions to ensure production safety and proactive compliance with all safety requirements. The safety precautions included consulting the safety inspection personnel for constructive advice, strengthening the safety management system by updating various production safety policies and gas control policies on an ongoing basis, increasing the frequency of safety inspections, employing professional gas control teams, upgrading relevant production facilities on an ongoing basis, and enhancing safety-related trainings. All of the above resulted in an increase in unit production cost of the Group in 2023 as compared to the prior year. The Group also continued to incur financial burden due to the existing interest-bearing loans carried forward from 2022, which further undermined the Group's profitability.

The Group, paying regard to the importance of product quality in creating sustainable advantage in future competition and despite being faced with many challenges in 2023, strived to expand high-quality production capacity, enhance coal quality management and optimise product mix. Quality control and safety management were core to production management and were embraced throughout the entire production process. With proper preparations, the Group believes that when the geological conditions improve, it will be able to release its production capacity and realise improved product quality and competitiveness in the future. The coal processing systems and coal washing plants will allow the Group to perform coal screening, coal washing and efficient coal blending and supply customers with customised coal products of controllable quality. Against the backdrop of emission peak and carbon neutrality targets, the Group will also actively explore opportunities for realising clean and efficient use of coal, as well as opportunities to invest in the new energy sector. The Group will continue to strengthen the brand name of Feishang Anthracite to enable it to retain and further penetrate the high-end market.

In 2023, the Group continued to explore and optimise coal mine design and actively apply new technologies and equipment in mine construction and tunnelling to improve operational efficiency, enhance production safety and intelligence, and reduce capital commitment and production cost. The Group also continued to actively promote refined management and cost control to ensure that all investments and expenses were appropriate and just in time, reusable materials were recycled, and all mining, production and marketing activities were cost-effective.

For the year ended 31 December 2023, the Group recorded a consolidated loss attributable to owners of the parent of approximately CNY493.4 million, as compared to a consolidated profit of approximately CNY53.1 million in the prior year.

Compliance

The Group and its activities are subject to requirements under various laws. These include, among others, the laws of the People's Republic of China (the "PRC") relating to the coal industry, environmental protection, safety production, mining resource consolidation, taxation, and labour and the applicable rules, regulations, guidelines, notices and policies issued or promulgated under or in connection with these statutes. On the listed company level, the Group is also subject to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated. The Company seeks to ensure compliance with these requirements through various measures such as internal controls, trainings and oversight of various business units at different levels of the Group. The Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

During the year, 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.

Customer and Supplier Relationship

In 2022 and 2023, sales to the Group's largest customer accounted for approximately 15.9% and 16.5% of the Group's total sales, respectively and sales to the Group's five largest customers accounted for approximately 53.0% and 57.4% of the Group's total sales, respectively.

The major suppliers for the Group's mining operations include third party contractors, suppliers of machinery and equipment and suppliers of ancillary materials used in the mining operations. In 2022 and 2023, purchases from the largest supplier accounted for approximately 20.6% and 9.6% of the total purchases, respectively, and the total purchases (including those from coal mine construction contractors) from the five largest suppliers accounted for approximately 41.4% and 29.7% of the total purchases, respectively.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had an interest in any of the Group's five largest customers and suppliers.

In 2022 and 2023, the Group's top five customers were primarily coal trading companies (for onward sales to power plants, cement plants, chemical plants and steel manufacturers). The trading terms with the major customers mainly included payment in advance or payment with a credit period of one month. For most of new non-power plant customers, the Group adhered to the term of "advance payment before delivery" to minimise potential credit risk. The Group has established relationship with its major customers for 2 to 7 years. As of the date of this report, the Group has maintained sound business relationships with its major customers.

The payment terms offered by the major suppliers (other than construction related contractors) are usually deposit and cash on delivery followed by a balance payment with credit term up to one year. The Group is not dependent on any single supplier. The Group typically selects suppliers based on various factors, including the quality and safety standard of the products, the ability to reliably meet the product requirements, the credit terms and the after-sales service. The Group has established relationship with its major suppliers for over 3 years.

The average accounts payable turnover days (which is calculated by dividing the arithmetic mean of opening and ending balance of accounts payable (excluding amounts due to construction related contractors) for the year by cost of sales in the year and then multiplying by 360 days) in year 2023 was approximately 170 days, compared to approximately 126 days in 2022. As of the date of this report, the Group did not have any major outstanding disputes in relation to accounts payable and the Group's business relationships with its major suppliers were fair.

Employees and Remuneration Policy

The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme. Employees of the Group are encouraged to attend training and development courses to acquire the right knowledge and skills, and the training expenses are charged to the Group. The emolument policy of the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Directors are determined by taking into account the Group's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in determining his own remuneration.

As at 31 December 2023, the Group had employed 1,723 full time employees (not including 1,253 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) from continuing operations amounted to approximately CNY315.8 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2023 (2022: CNY372.1 million).

The Company has adopted a share option scheme as an incentive to Directors and eligible employees of the Group, details of which are set out in note 30 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" in the section headed "Report of the Directors" of this report.

As at 31 December 2023 and the date of this report, the Group has maintained good working relationship with its employees. The Group has assembled a management team consisting of key employees with many years of experience in various aspects of the coal mining industry, particularly in coal mine operations management, coal safety production, mining-related engineering and technologies, and coal sales and marketing. Most of the key employees have served the Group for over 5 years. The management team and employees have remained stable.

For more information about the employee relations, please refer to the environmental, social and governance ("ESG") report for the year of 2023 to be published by the Company.

Community Relationship

The Group understands the importance of relationships with its surrounding communities. The Group has made community donations in Jinsha county and Liupanshui city from time to time. The Group did not run into any material disputes or conflicts with its surrounding communities for the year ended 31 December 2023.

Environmental Policy and Measure

The Group believes that the establishment of corporate social responsibility is essential for improving environmental and occupational health and safety, building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group.

The Group is also committed to environmental protection in its operations and has made financial commitments towards the construction of environmental protection facilities and the establishment of an environmental protection management and monitoring system. In 2023, the cost of compliance with environmental obligations was approximately CNY7.6 million, of which CNY2.0 million was related to the construction of environmental protection facilities. The Group has set aside restricted cash and placed cash with the relevant government authorities for the purpose of future environmental rehabilitation obligations as well as the settlement of asset retirement obligations. As at 31 December 2023, the rehabilitation fund was approximately CNY17.3 million.

For details of the Group's performance on environmental, social and governance, please refer to the Group's separate ESG report for the year of 2023 to be published by the Company.

Safety Measure

The Group is committed to maintaining high safety standards at the coal mines, such as providing a safe working environment at coal mines, conducting regular safety training sessions for employees, including mine managers, methane inspectors, blasters, electricians, coal miners and other workers, to improve their safety awareness and knowledge, and arranging periodic health checks for employees. The Group has implemented a six-part safety system at operating coal mines which consists of the following components: an electronic safety monitoring system; a wireless tracking system that tracks the location of underground workers; emergency exits; emergency water supplies; emergency underground communication equipment; and compressed air stations that provide emergency underground oxygen supplies.

FINANCIAL REVIEW

Key Performance

Items	For the year ended 31 December 2023 CNY'000	For the year ended 31 December 2022 CNY'000 (Restated)	Change (%) Increase/ (decrease)
Continuing Operations			
Revenue	**990,786**	1,603,197	(38.2%)
Cost of sales	**(758,332)**	(942,674)	(19.6%)
Gross profit	**232,454**	660,523	(64.8%)
Selling and distribution expenses	**(99,744)**	(118,478)	(15.8%)
Administrative expenses	**(165,104)**	(160,604)	2.8%
Impairment losses on financial assets, net	**(4,434)**	(2,745)	61.5%
Impairment losses on property, plant and equipment	**(262,726)**	–	100%
Other operating expenses, net	**(48,517)**	(94,397)	(48.6%)
Finance costs	**(142,590)**	(152,638)	(6.6%)
Income tax expense	**(30,463)**	(58,134)	(47.6%)
(Loss)/profit for the year from continuing operations	**(519,072)**	73,945	n/a
(Loss)/profit attributable to owners of the parent from continuing operations	**(492,829)**	25,985	n/a
Discontinued Operations			
(Loss)/profit for the year from discontinued operations	**(594)**	27,115	n/a
(Loss)/profit attributable to owners of the parent from discontinued operations	**(589)**	27,122	n/a
(Loss)/profit for the year	**(519,666)**	101,060	n/a
(Loss)/profit attributable to owners of the parent	**(493,418)**	53,107	n/a

CONTINUING OPERATIONS

Revenue

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

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

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

Cost of Sales

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

Cost of Sales for Coal Mining

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

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

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

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

Cost of Sales for Coal Processing

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

Breakdown of the Group's Unit Cost of Sales

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

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

Gross Profit and Gross Margin

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Impairment of Financial Assets

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

Impairment Losses on Property, Plant and Equipment

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

Other Operating Expenses, Net

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

Finance Costs

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

Income Tax Expense

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

Loss/profit for the year from Continuing Operations

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

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

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

DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

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

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

(b) Discontinued operation of Guizhou 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 the extraction and sale of anthracite coal in Nayong County, Guizhou Province, the PRC. As at 31 December 2021, the transaction was not yet completed, and Guizhou Dayuan was classified as a disposal group held for sale and as a discontinued operation. On 28 March 2022, the disposal of Guizhou Dayuan was completed upon the transfer of Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan to Baoshun and the adjusted total cash consideration of CNY50.0 million was fully paid by Baoshun in prior years. During the period ended 28 March 2022, Guizhou Dayuan was classified as a discontinued operation.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

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

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

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

Pledge of Assets of the Group

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

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

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

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

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

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

Pledge of Shares by the Controlling Shareholder

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

Provision of the Corporate Guarantee

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

Capital Commitments and Expected Source of Funding

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

Gearing Ratio

As at 31 December 2022 and 31 December 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 and multiplying by 100%) was approximately 139.4% and 223.8%, respectively. The gearing ratio increased in 2023 as the Group recorded a significant loss for the year.

Contingent Liabilities

As at 31 December 2023, except for bank borrowings and finance lease arrangements disclosed above, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Subsequent Events

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

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

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

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

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.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Mr. WANG Xinhua (王信華), aged 62, was appointed as an executive Director and the chairman of the Board in January 2024. He is also a member of the ESG committee and the remuneration committee of the Company. Mr. Wang has approximately 40 years of experience in the coal industry. He was vice-chairman of Guizhou Yongfu from March 2021 to January 2024, primarily responsible for overseeing the production safety and operation and management of Yongsheng Coal Mine. He was senior adviser of Guizhou Puxin from March 2019 to December 2020, responsible for the management of investment legal affairs and mineral rights management. He was assistant general manager of Guizhou Puxin from March 2014 to February 2019, assisting the general manager in the management of mine operations in the Jinsha region. He served as general manager of Guizhou Yongfu from January 2011 to February 2014 and was responsible for the mine management of Yongsheng Coal Mine. Mr. Wang has not held any directorship in any publicly-listed companies in the past three years. Mr. Wang graduated from Huainan Mining Institute* (淮南礦業學院) in July 1983 with a professional certificate in coal mining engineering. He was certified as a senior engineer by the Zhejiang Provincial Department of Personnel* (浙江省人事廳) in December 1995.

Mr. FU Jiangen (傅賤根), aged 54, was appointed as an executive Director in January 2024. Mr. Fu has over 30 years' experience in auditing and financial management. He has been the financial controller of Guizhou Puxin since September 2023, responsible for financial and accounting matter. From October 2020 to September 2023, Mr. Fu was financial controller of Shanghai Onway Environmental Development Co., Ltd.* (上海昂未環保發展有限公司), responsible for financial and accounting matter. He was deputy general manager of the strategic management department of Feishang Enterprise Group Co., Ltd.* (飛尚實業集團有限公司) ("Feishang Enterprise") from June 2018 to September 2020, responsible for operation management. From June 2017 to May 2018, he served as financial controller of Guangyao Ecological Construction Group Co., Ltd.* (廣堯生態建設集團有限公司), responsible for financial and accounting matter. From August 2014 to May 2017, he served as financial controller of Mingzhe Group Co., Ltd.* (明喆集團股份有限公司), responsible for financial and accounting matter. He served as deputy general manager of the audit department and operation management centre of Feishang Enterprise from June 2006 to July 2014, responsible for internal audit and operation management. Mr. Fu was chairman of the supervisors of Anhui Xinke New Materials Co., Ltd.* (安徽鑫科新材料股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600255, from December 2010 to June 2011. He was also a supervisor of Sundiro Holding Co., Ltd. (新大洲控股股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 000571, from April 2007 to June 2011. Save as disclosed above, Mr. Fu has not held any directorship in other publicly-listed companies in the past three years. Mr. Fu graduated from Shanghai Institute of Building Materials Industry* (上海建築材料工業學院) in July 1991 with a professional certificate in financial accounting, and from Hong Kong Baptist University in November 2013 with a master's degree in business administration. He obtained the Chinese Certified Public Accountant qualification in April 1997 and the international internal auditor qualification from the China Institute of Internal Auditors in November 2005.

Mr. HE Jianhu (賀建虎), aged 46, was elected as an executive Director in May 2021. He has over 18 years' experience in audit and finance management. Mr. He has worked as general manager of audit and supervision department of Feishang Enterprise since May 2016, and he served as senior manager of audit and supervision department of Feishang Enterprise from April 2007 to April 2016. During this period, he was primarily responsible for regular management audit of subsidiaries, supervision, inspection and guidance on daily operation and internal control of subsidiaries, whole-process audit and supervision on construction and renovation project of subsidiaries, and due diligence work and risk appraisal on proposed investment projects. Mr. He was the regional audit manager of Kingdee Software (China) Co., Ltd. (金蝶軟體(中國)有限公司) from July 2006 to April 2007. During this period, he was primarily responsible for supervision and inspection on implementation of company strategy and key resolution of shareholders meeting, audit of finance and operation management and audit of investment return and off-office auditing of senior management. He graduated from Changchun Finance College (長春金融高等專科學校) with a certificate in accounting in July 2000. Mr. He obtained the qualification of intermediate accountant from the PRC Ministry of Finance (中華人民共和國財政部) in May 2002. He obtained the qualification of Certified Public Accountant in China (中國註冊會計師) in June 2002. Save as disclosed above, Mr. He did not hold any directorship in other listed public companies in the past three years.

Mr. TAM Cheuk Ho (譚卓豪), aged 61, was appointed as an executive Director in February 2013. He is also a member of the nomination committee of the Company. Mr. Tam had been with the CHNR group for more than 20 years. He resigned from the positions of executive vice president and executive director of CHNR in January 2014. Mr. Tam was re-appointed as a director of CHNR in April 2015. Save as disclosed above, Mr. Tam does not hold any other position with the Company or any member of the Group. During the period from May 2002 to April 2003, Mr. Tam was an executive director and the deputy chairman of a Hong Kong listed company engaged in property development and securities investment operations. He has been a partner of a certified public accountant firm in Hong Kong since July 1995. Mr. Tam was the finance director of a private investment company from October 1992 to December 1994. He was the financial controller of a Hong Kong listed company operating Chinese restaurants chain and engaging in property investments from February 1992 to September 2012, and was its company secretary from February 1992 to December 1992. From July 1984 to December 1991, Mr. Tam worked at an international certified public accountant firm and his last position at such firm was an audit manager. Mr. Tam graduated from the Chinese University of Hong Kong with a bachelor of business administration degree in 1984. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He was accredited as a certified public accountant (practising) by the Hong Kong Institute of Certified Public Accountants in July 1992. Save as disclosed above, Mr. Tam did not hold any directorship in other listed public companies in the past three years.

Mr. WONG Wah On Edward (黃華安), aged 60, was appointed as an executive Director in February 2013. He has served as a director of Hong Kong Smartact Limited, a subsidiary of the Company, since January 2010. Mr. Wong had been with the CHNR group for more than 20 years. He resigned from the positions of chief financial officer, executive director and company secretary of CHNR in January 2014. He was re-appointed as a director of CHNR in April 2015. He has been the chairman and the chief executive officer of CHNR since August 2016. Save as disclosed above, Mr. WONG does not hold any other position with the Company or any member of the Group. Mr. Wong was appointed as an independent non-executive director of Quali-Smart Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1348) in September 2015. From December 2000 to December 2006, Mr. Wong was an independent non-executive director of a Hong Kong listed company engaged in the trading of construction materials. He has been a partner of a certified public accountant firm in Hong Kong since July 1995. From October 1992 to December 1994, Mr. Wong was the deputy finance director of a private investment company. From July 1988 to October 1992, Mr. Wong worked at the audit department of an international certified public accountant firm, providing professional auditing services to clients in a variety of business sectors, and he left the firm as a senior auditor. Mr. WONG graduated from the Hong Kong Polytechnic University with a professional diploma in company secretaryship and administration in 1988. Mr. Wong is admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He was accredited as a certified public accountant (practising) by the Hong Kong Institute of Certified Public Accountants in September 1993. Mr. Wong is also an associate member of the Hong Kong Institute of Chartered Secretaries. Save as disclosed above, Mr. Wong did not hold any directorship in other listed public companies in the past three years.

Mr. YANG Guohua (楊國華), aged 55, was elected as an executive Director in May 2021. Mr. Yang is also the chairman of the ESG committee of the Company. He has over 33 years' experience in the coal mining industry. Mr. Yang was appointed as executive general manager, chief engineer and safety supervisor of Guizhou Puxin in December 2019, April 2019 and August 2018 respectively. Prior to joining the Group, Mr. Yang worked as chief engineer and general manager of Guizhou Langyue Mining Investment Co., Ltd. (貴州省朗月礦業投資有限公司) in June 2012 and April 2016 respectively, and served there until July 2018. During this period, he was responsible for overall management of coalmine safety, production, operation, technological plan, construction, projection bidding and contract execution. He served as deputy general manager and head of safety supervision department of Guizhou Nengfa Power Fuel Development Co., Ltd. (貴州能發電力燃料開發有限公司) from May 2011 to May 2012. During this period, he was in charge of the safety supervision and management of subsidiary coalmines and examination and approval of safe production plans submitted by subsidiary coalmines. He was general manager and chairman of board of Guizhou Qianxi Guijing Coal Development Co., Ltd (貴州黔西桂箐煤炭開發有限公司) from October 2009 to May 2011, in charge of the overall management of Guijing Coalmine (桂箐煤礦), including management of safety, technology, engineering construction, project settlement, project bidding, project quality, finance, material procurement, human resources and public relations. He acted as deputy general manager and chief engineer of Guijing Coalmine from April 2007 to September 2009, primarily responsible for construction and technical management of Guijing Coalmine. He worked as mine director of Yizhong Coalmine (義忠煤礦) of Guizhou Nengfa Power Fuel Development Co., Ltd from March 2006 to March 2007, in charge of overall management of mine construction. He was mining district chief and head of engineering technology department of Guizhou Linhua Mining Investment Co., Ltd. (貴州林華礦業有限公司) from May 2004 to February 2006, mainly responsible for coalmine construction management and mining district production and safety management. He served as mining district chief and head of transportation district of Datonger Coalmine (打通二煤礦) of Songzao Mining Bureau (松藻礦務局) from July 2001 to April 2004. He worked as a technician and mining district chief at Datonger Coalmine from July 1991 to August 1998 and was responsible for establishing the internal coal mining-related operational policies, providing technological training to mining team and involved in the design and construction of mining project and daily management in safety, production and technology. Mr. Yang graduated from Sichuan Normal University (四川師範大學) with a diploma in mining engineering in June 2001. Mr. Yang graduated, as a correspondence student, from Guizhou University (貴州大學) with a bachelor's degree in mining engineering in July 2014. He obtained National Certification of Construction Cost Estimator Qualification in Mining Construction (Intermediate) from China Cost Engineering Association (中國建設工程造價管理協會) and China Coal Construction Association (中國煤炭建設協會) in July 2007. He was certified as Registered Safety Engineer by Department of Personnel of Guizhou Province (貴州省人事廳) in January 2008. He was accredited as a senior engineer of mining engineering by Department of Human Resources and Social Security of Guizhou Province (貴州省人力資源和社會保障廳) and Guizhou Federation of Industry and Commerce (貴州省工商業聯合會) in November 2015. He was appointed as coalmine safety production expert for five years beginning from 11 June 2020 by Guizhou Coal Mine Safety Supervision Bureau (貴州煤礦安全監察局) in June 2020. Save as disclosed above, Mr. Yang did not hold any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Him, Alfred (陳謙), aged 60, was elected as an independent non-executive Director in May 2021. Mr. Chan is also the chairman of the nomination committee of the Company and a member of the audit committee and the remuneration committee of the Company. He has accumulated over 30 years of experience in audit, finance and company secretarial work. Mr. Chan has been the chief financial officer and company secretary of HK Asia Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 1723) since July 2017. He was the financial controller of Ruizi Energy Holdings Company Limited from January 2017 to April 2017. From November 2015 to February 2016, he worked as a consultant at Superb Talent Limited. He was the financial controller of York Star Co., Ltd. from March 2015 to July 2015. He worked as project chief financial officer of CGN New Energy Holdings Co., Ltd. (a company listed on the Main Board of the Stock Exchange) (stock code: 1811) from August 2011 to March 2015. He served as company secretary and financial controller of Amax International Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 959) respectively from May 2010 to December 2010 and from June 2010 to October 2010. He was the project financial controller of Feishang Holdings Limited from May 2004 to April 2010. Mr. Chan was appointed as the company secretary and financial controller of Loulan Holdings Limited, a then listed company, in September 2001 and July 2002 respectively, and served there until his resignation in January 2004. Previously, he worked as the finance controller of The BigStore.com Asia Limited from October 1999 to August 2000. He was an audit manager at Moores Rowland from January 1998 to October 1998, and a financial controller at Richman Group Ltd from December 1996 to October 1997. He worked at Ernst & Young for nine years from July 1987 to June 1996, his last position being senior audit manager. Mr. Chan graduated from the Hong Kong Polytechnic University in November 1987 with a Professional Diploma in Accountancy. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Save as disclosed above, Mr. Chan did not hold any directorship in other listed public companies in the past three years.

Mr. LO Kin Cheung (盧建章), aged 59, was appointed as an independent non-executive Director in December 2013. He is also the chairman of the audit committee of the Company and a member of the remuneration committee and the nomination committee of the Company. He acted as an independent non-executive director of CHNR from December 2004 to June 2006 and an independent non-executive director of China Resources Development, Inc., a member of the predecessor group of CHNR, from May 2000 to December 2004. Save as disclosed above, Mr. Lo does not hold any other position with the Company or any member of the Group. He also served as an independent non-executive director of a Hong Kong listed company operating Chinese restaurant chains and engaged in property investments during the period from August 2004 to August 2011. Mr. Lo has been the chief financial officer of a private company engaging in the printing business since September 2001. From March 1998 to July 2001, Mr. Lo was an executive director of a Hong Kong listed company then involved in the baby care product industry and the multimedia industry. From July 1986, Mr. Lo spent nearly 12 years with an international certified public accountant firm and his last position at such firm was as a principal. Over these years, Mr. Lo has gained extensive experience in finance and accounting. He graduated from the University of Hong Kong with a bachelor's degree in science in 1986 and completed the advanced management program at Harvard Business School in May 2004. Mr. Lo was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in 2000 and 1994, respectively. He is also a fellow member of the Institute of Chartered Accountants in England and Wales. Save as disclosed above, Mr. Lo did not hold any directorship in other listed public companies in the past three years.

Mr. WANG Xiufeng (王秀峰), aged 66, was appointed as an independent non-executive Director in March 2019. He is also a member of the audit committee, the ESG committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Save as disclosed above, Mr. Wang does not hold any other position with the Company or any member of the Group. Mr. Wang has over 40 years' experience in the coal industry. He has been appointed as an independent non-executive director of Perennial Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 2798) since September 2019. He has been appointed as director of Yunnan An Run Chuang Zhan Science and Technology Company (雲南安潤創展科技有限公司) since November 2015. He was the chairman of the board of directors of Guizhou Coal Mine Design and Geological Engineering Company (貴州煤設地質工程有限責任公司) from December 2013 to September 2018. From September 1986 to December 2017, he worked in Guizhou Coal Mine Design and Research Institute (貴州省煤礦設計研究院). He served in the coal mining department of that institute as its staff member and principal engineer from September 1986 to February 1997, as head of coal mining and processing department from February 1997 to March 2003 and as deputy head of institute primarily responsible for production management from March 2003 to December 2017 and was also in charge of discipline inspection and supervision from August 2009 to December 2017. From August 1982 to September 1986, he worked as a technician in the comprehensive mechanized mining team and mechanized driving team at Yaoqiao Mine (姚橋煤礦) and Zhangshuanglou Mine (張雙樓煤礦) of Jiangsu Datun Coal and Electricity Co., Ltd. (江蘇大屯煤電公司). Mr. Wang graduated from Chongqing University (重慶大學) with a bachelor's degree in mining engineering in 1982. He was accredited as a senior engineer by the Professional Titles Reform Work Leading Group of State Administration of Coal Industry (國家煤炭工業局職稱改革工作領導小組) and the Senior Professional Technical Service and Appraisal Committee for Engineering Technology of Coal Industry Administration Bureau of Guizhou Province (貴州省煤炭工業管理局工程技術高級專業技術服務評審委員會) in April 1997 and a Registered Mining/Mineral Exploration & Design Engineer by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the Ministry of Construction of the PRC (中華人民共和國建設部) in April 2008. He has received a number of awards in recognition of his contribution to the coal mining industry over the years. Save as disclosed above, Mr. Wang did not hold any directorship in other listed public companies in the past three years.

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure (余銘維), aged 56, is the chief financial officer and the company secretary of the Company. He was also an executive Director during the period from May 2015 to September 2021. Mr. Yue was the financial controller of CHNR from 2008 to 2014 and was appointed as the chief financial officer and the corporate secretary of CHNR from April 2015 to July 2020. He was appointed as an executive director of CHNR from August 2016 to July 2020. Save as disclosed above, Mr. Yue does not hold any other position with the Company or any member of the Group. Mr. Yue has been an independent non-executive director of A.Plus Group Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 1841) since March 2016. He was also an independent non-executive director of Palace Banquet Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 1703) from January 2019 to March 2021. Mr. Yue has over 29 years of experience in accounting, finance and compliance for various industries gained in an international certified public accountant firm, an investment advisory firm, and listed companies in both Hong Kong and New York State. Mr. Yue graduated from Hong Kong Baptist University with a bachelor of business administration degree in 1990 and was awarded a master of science degree in accounting and finance from the University of Manchester in 1994. He is a fellow member of the Hong Kong Chartered Governance Institute, the Hong Kong Institute of Certified Public Accountants, and the Institute of Chartered Accountants in England & Wales. Mr. Yue is also a member of Chartered Accountants Australia & New Zealand and a member accredited in business valuation of the American Institute of Certified Public Accountants. Save as disclosed above, he did not hold any directorship in other listed public companies in the past three years.

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2023.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the British Virgin Islands ("BVI") as a company with limited liability on 6 January 2010. Pursuant to the group reorganisation as set out in the listing document of the Company dated 31 December 2013 (the "Listing Document"), the Company became the holding company of the Group.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in notes 1 and 34 to the consolidated financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during the year of 2023.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report – Risk management and internal control" of this report. These discussions form part of this report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 and the Group's financial position as at that date are set out in the consolidated financial statements on pages 68 to 71 of the annual report.

No interim dividend was paid to the Shareholders during the year ended 31 December 2023 (2022: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 72 of this annual report.

The Company's reserves available for distribution to Shareholders as at 31 December 2023 amounted to CNY129,558,000 (31 December 2022: CNY129,682,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years as extracted from the audited financial statements and restated/reclassified as appropriate is set out on page 160 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

HAN Weibing *(Chairman and Chief Executive Officer) (resigned on 12 January 2024)*
WANG Xinhua *(Chairman) (appointed on 12 January 2024)*
WANG Weidong *(Deputy Chairman) (resigned on 12 January 2024)*
FU Jiangen *(appointed on 12 January 2024)*
HE Jianhu
TAM Cheuk Ho
WONG Wah On Edward
YANG Guohua

Independent Non-executive Directors:

CHAN Him Alfred
LO Kin Cheung
WANG Xiufeng

In accordance with Article 14.19 of the Articles of Association, Mr. CHAN Him Alfred, Mr. TAM Cheuk Ho and Mr. WANG Xiufeng shall retire by rotation from office at the forthcoming Annual General Meeting (the "AGM") and, being eligible, have offered themselves for re-election. In addition, Mr. WANG Xinhua and Mr. FU Jiangen who were appointed by the Board on 12 January 2024 shall hold office until the Annual General Meeting and, being eligible, has offered himself for re-election in accordance with Article 14.2 of the Articles of Association.

The Company has received from each of the independent non-executive Directors an annual confirmation that each of them and his immediate family members (as defined under Rule 14A.12(1)(a) of the Listing Rules) are independent from the Group as required under Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent from the Company.

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

As at 31 December 2023, so far as the Directors were aware, 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 Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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	Interest held by his controlled corporation	133,000,000	2	9.63
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 Investment Limited	Long position	Beneficial owner	133,000,000	2	9.63

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 Investment 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 Investment 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 31 December 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.

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

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares 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 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	0.95
Mr. TAM Cheuk Ho	Long position	Beneficial owner	56,386	0.67

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executive 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 in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Mr. HAN Weibing and Mr. WANG Weidong resigned as executive directors on 12 January 2024. Mr. WANG Xinhua and Mr. FU Jiangen were appointed as executive directors on 12 January 2024.

Other than the above, 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 subsequent to the publication of the interim report of the Company for the six months ended 30 June 2023.

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

Other than the share option as disclosed under the paragraph headed "Share Option Scheme of the Company" below, at no time during the year 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.

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 having regard to the applicable requirements in relation to vesting period and other matters in the Listing Rules.

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. As at the beginning of the year and the end of the year ended 31 December 2023, the total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580 Shares.

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 31 December 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% of the existing issued Shares of the Company as at the date of this report) and the remaining life of the Share Option Scheme was approximately 8 years and 3 months.

Additional information in relation to the Share Option Scheme is set out in note 30 to the consolidated financial statements of this report.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year without payment of compensation, other than statutory compensation, of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are determined by the Board with reference to Directors' duties, responsibilities and subject to review from time to time.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions/continuing connected transactions of the Company during the year are as follows:

(a) Connected transactions

During the year, the Group did not enter into any transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

(b) Continuing connected transactions

During the year, the Group did not enter into any transactions which need to be disclosed as continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Details of the related party transactions are set out in note 33 to the consolidated financial statements of this report. These related party transactions, except for the transactions relating to share of office rental with Anka Consultants Limited and Feishang Enterprise, respectively, did not constitute any connected transactions/ continuing connected transactions under the Listing Rules.

CONSOLIDATION OF COAL MINES IN GUIZHOU AND RESTRUCTURING PROPOSAL

With the view to facilitating the consolidation of the coal mining industry, the Guizhou Government has implemented a number of measures to encourage the consolidation of the coal mine industry and to eliminate small-scaled coal mines in Guizhou province with an annual production capacity of below 300,000 tonnes for each single mine, to reduce the total number of coal mining enterprise groups in Guizhou province to below 100, and to reduce the total number of coal mines in Guizhou to approximately 1,000.

Under the Guizhou Government's coal mine consolidation policy, Guizhou Feishang Energy Co., Ltd. ("Feishang Energy") (an associate of Mr. LI Feilie, the controlling shareholder of the Company) and the Company were designated as a coal mine consolidator in Guizhou province on 6 June 2014.

Feishang Energy (as agreed by the Company) has adopted and implemented the following restructuring proposal ("Restructuring Proposal"):

- Feishang Energy closed down Sanjiazhai Coal Mine (三家寨煤礦);
- Feishang Energy acquired and operated three coal mines, namely Pingqiao Coal Mine (平橋煤礦), Xingwang Coal Mine (興旺煤礦), and Aohe Coal Mine (凹河煤礦); and
- Feishang Energy acquired five coal mines, namely, Guojiawuji Coal Mine (國家屋基煤礦), Qiwen Coal Mine (啟文煤礦), Hengfeng Coal Mine (恒豐煤礦), Xinhe Coal Mine (新禾煤礦), and Shangmaying Coal Mine (上馬營煤礦) and has submitted the mining right permits of these coal mines in stage to the relevant authority for cancellation. All of the mining right permits of the five coal mines have been cancelled.

On 26 January 2015, the first batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin 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 will 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; and retain Dayun Coal Mine and Baiping Coal Mine, both located in Jinsha county, Guizhou province. On 5 January 2016, the second batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the second batch of the Restructuring Proposal, the Group has closed down Gouchang Coal Mine and retained Yongsheng Coal Mine. On 24 May 2019, Guizhou Puxin entered into an equity transfer agreement with Baoshun, to dispose of its entire equity interest in Guizhou Dayuan. Up to 31 December 2021, the transaction was not yet completed. On 28 March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed. 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.

Upon the full completion of the implementation of the Restructuring Proposal, the Group will own and operate four coal mines in Guizhou province, namely, Baiping Coal Mine, Yongsheng Coal Mine, Dayun Coal Mine and Liujiaba Coal Mine.

DEED OF NON-COMPETITION

Feishang Group Limited, Laitan Investments Limited and Mr. LI Feilie (collectively, the "Controlling Shareholders"), Feishang Energy and Feishang Enterprise executed the Deed of Non-Competition in favour of the Company, details of which are set out in the Listing Document, principally to the effect that so long as the Deed of Non-Competition remains in force, each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has undertaken to, among other things:

(a) not, and procure that their respective subsidiaries or parties controlled by them either solely or jointly with another Controlling Shareholders or any other party will not be interested or engaged in any business which directly or indirectly competes or may so compete with the Core Businesses;

(b) notify the Company of any business opportunity which directly or indirectly competes or may so compete with the Core Businesses ("New Business Opportunity"), if any of them becomes aware of such business opportunity; and

(c) use its best endeavours to procure that the New Business Opportunity is first offered to the Company on terms and conditions that are fair and reasonable.

For the purpose of the Deed of Non-Competition, "Core Businesses" shall include the acquisition and exploitation of coal mining rights (including the exploration, construction, development and operation of coal mines) located in Guizhou province in the PRC.

The Company has been granted, under the Deed of Non-Competition, the Rights of First Refusal and First Offer if such New Business Opportunity arises.

Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has reviewed its business and businesses of their respective subsidiaries and advised that there is generally insignificant competition between the operations of the Sanjiazhai Coal Mine and the Core Businesses. Save as disclosed above, each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has confirmed that during the year there was no New Business Opportunity made available to each of them. Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has given a written confirmation to the Company that it had fully complied with the terms of the Deed of Non-Competition. The independent non-executive Directors have reviewed the confirmations and relevant information provided by the Controlling Shareholders, Feishang Energy and Feishang Enterprise and concluded that each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise complied with the relevant terms of the Deed of Non-Competition for the year ended 31 December 2023.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or their close associates has any interest in a business that competes or may compete with the business of the Group.

DONATIONS

During the year, the Group has made donations of approximately CNY2.8 million in cash.

PERMITTED INDEMNITY

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

A directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract concerning the management and administration of the whole or any substantial part of any business of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued Shares as required under the Listing Rules during the year and up to the date of this report.

EQUITY-LINKED AGREEMENT

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees of the Group, details of the Share Option Scheme are set out in note 30 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" above. No share options were granted during the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association although there are no restrictions against such rights under the laws of BVI.

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

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

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to discuss the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

During the year ended 31 December 2023, the Audit Committee was chaired by Mr. LO Kin Cheung and the members comprised Mr. LO Kin Cheung, Mr. CHAN Him Alfred and Mr. WANG Xiufeng. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Company for the year ended 31 December 2023.

AUDITOR

Ernst & Young will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Feishang Anthracite Resources Limited
WANG Xinhua
Chairman

Hong Kong, 28 March 2024

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules as its own corporate governance code. Throughout the year ended 31 December 2023, the Company has complied with the code provisions as set out in part 2 of the CG Code, save and except for code provision A.2.1, as set out below.

Chairman and Chief Executive

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

BOARD OF DIRECTORS

Composition

As at 31 December 2023, the Board comprised nine members, consisting of six executive Directors namely Mr. HAN Weibing (chairman of the Board and chief executive officer) (resigned on 12 January 2024), Mr. WANG Weidong (deputy chairman) (resigned on 12 January 2024), Mr. HE Jianhu, Mr. TAM Cheuk Ho, Mr. WONG Wah On Edward and Mr. YANG Guohua and three independent non-executive Directors, namely, Mr. CHAN Him Alfred, Mr. LO Kin Cheung and Mr. WANG Xiufeng.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed in the section headed "Profiles of Directors and Company Secretary" of this report.

Independent Non-executive Directors

The Board has at least one-third of its membership comprising independent non-executive Directors and is in compliance with Rule 3.10A of the Listing Rules. One of the three independent non-executive Directors possesses appropriate professional experience and related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation that each of them and his immediate family members (as defined under Rule 14A.12(1)(a) of the Listing Rules) are independent from the Group as required under Rule 3.13 of the Listing Rules and the Company also considers that they are independent. The Board members have no financial, business, family or other material/relevant relationship with each other.

Directors' Re-election

Pursuant to the Articles of Association, the Directors shall hold office subject to retirement by rotation at the AGM of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election in that meeting. Mr. CHAN Him Alfred, Mr. TAM Cheuk Ho and Mr. WANG Xiufeng shall retire by rotation from office at the AGM and, being eligible, have offered themselves for re-election. In addition, Mr. WANG Xinhua and Mr. FU Jiangen who were appointed by the Board on 12 January 2024 shall hold office until the Annual General Meeting and, being eligible, has offered himself for re-election in accordance with Article 14.2 of the Articles of Association.

Term of Appointment of Independent Non-executive Directors

Each of the independent non-executive Director has entered into a service agreement with the Company for a term of three years and is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles of Association.

Responsibilities of the Board and Management

The Board, headed by the chairman, is responsible for providing high-level guidance and overseeing the management of the Company, formulating and approving the Group's development, business strategies, policies, annual budgets and business plans, recommending any dividend in accordance with the dividend policy adopted in 2018 which requires the Board to take into account a variety of factors before making such recommendation, and ensuring compliance with relevant statutory requirements and other rules and regulations.

The chief executive officer and the other executive Directors are responsible for the day-to-day management and operations of the Group. The executive Directors conduct regular meetings with the management of the Group, at which operational issues and financial performance are evaluated and dealt with.

The Company considers that risk management and internal control systems are essential and that the Board is responsible for ensuring the Group establishes and maintains effective risk management and internal control.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include the following:

– attending regular Board meetings and focusing on business strategy, operational issues and financial performance;

– active participation in the respective board of directors of the subsidiaries of the Company;

– approval of annual budgets covering strategy, financial and business performance, key risks and opportunities;

– monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

– monitoring and managing potential conflicts of interest of senior management, the Board and Shareholders;

– consideration of misuse of corporate assets and abuse of related party transactions; and

– ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfil their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

There are procedures in place to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses were established.

The Articles of Association state the responsibilities and operational procedures of the Board. The Board meets at least four times a year at regular intervals to consider operational reports and financial results of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the year ended 31 December 2023, seven Board meetings and one general meeting were held and the attendance record of each Director is set out below:

	Attendance/ No. of Board Meeting	Attendance/ No. of General Meeting
Executive Directors		
HAN Weibing *(Chairman and Chief Executive Officer)* *(resigned on 12 January 2024)*	5/7	1/1
WANG Xinhua *(appointed on 12 January 2024)*	0/0	0/0
WANG Weidong *(Deputy Chairman) (resigned on 12 January 2024)*	5/7	1/1
FU Jiangen *(appointed on 12 January 2024)*	0/0	0/0
HE Jianhu	7/7	1/1
TAM Cheuk Ho	7/7	1/1
WONG Wah On Edward	7/7	1/1
YANG Guohua	7/7	1/1
Independent Non-executive Directors		
CHAN Him Alfred	7/7	1/1
LO Kin Cheung	6/7	1/1
WANG Xiufeng	7/7	1/1

Directors' Continuous Professional Development

The Company understands that the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses appropriate to their roles, functions and duties within the Company.

During the year ended 31 December 2023, all the Directors attended the e-training provided by the Stock Exchange. Topics of the e-training included Share Schemes, aiming at providing the Directors with an understanding of the definitions of relevant activities and the specific Listing Rule requirements.

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2023, the Board had performed the following corporate governance duties:

- approval of Ernst & Young as the auditor of the Group and the corresponding audit plan;
- approval of announcements of major transaction, profit alert/warning and business update;
- review of the compliance with the CG Code; and
- review of the effectiveness of the risk management and internal control systems of the Company through the Audit Committee.

Board Committees

A number of committees of the Board, including the Audit Committee, Nomination Committee, Remuneration Committee and Corporate Social Responsibility Committee, were established by the Company on 23 December 2013, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise. The Corporate Social Responsibility Committee was restructured to a new ESG committee on 6 December 2021.

Audit Committee

The Audit Committee comprises three independent non-executive Directors. During the year ended 31 December 2023, the Audit Committee was chaired by Mr. LO Kin Cheung, and its members comprised Mr. LO Kin Cheung, Mr. CHAN Him Alfred and Mr. WANG Xiufeng.

The Audit Committee reports directly to the Board and reviews financial statements, risk management and internal control in order to protect the interests of the Shareholders.

The Audit Committee meets at least twice a year with the Company's independent auditor to discuss accounting issues, and review effectiveness of internal controls and risk management. Written terms of reference, which describe the authority and duties of the Audit Committee, are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee have complied with the CG Code and are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

During the year ended 31 December 2023, the Audit Committee held two meetings, at which it:

– approved Ernst & Young as the auditor of the Group and the corresponding audit plan;

– reviewed the financial statements for the year ended 31 December 2022;

– reviewed the financial statements for the six months ended 30 June 2023;

– reviewed the effectiveness of the risk management and internal control systems;

– reviewed the effectiveness of the internal audit function of the Group;

– reviewed the external auditor's findings; and

– reviewed and approved remuneration of auditor and recommended the re-appointment of external auditor.

The attendance record of the meetings is set out below:

Members of Audit Committee	**Attendance/ No. of meeting(s)**
LO Kin Cheung *(Chairman)*	1/2
CHAN Him Alfred	2/2
WANG Xiufeng	2/2

Nomination Committee

During the year ended 31 December 2023, the Nomination Committee was chaired by Mr. CHAN Him Alfred, an independent non-executive Director, and its members comprised Mr. CHAN Him Alfred, an executive Director Mr. TAM Cheuk Ho, and two independent non-executive Directors, namely, Mr. LO Kin Cheung and Mr. WANG Xiufeng.

The terms of reference of the Nomination Committee have complied with the CG Code which are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size, composition and diversity of the Board and recommending any change thereon; assessing the independence of independent non-executive Directors and recommending the re-election of Directors, etc.

During the year ended 31 December 2023, the Nomination Committee held one meeting, at which it:

- reviewed the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board;
- recommended the appointment of directors;
- assessed the independence of the independent non-executive Directors; and
- reviewed and made recommendations to the Board on re-election of retiring Directors at the AGM.

The attendance record of the meetings is set out below:

Members of Nomination Committee	**Attendance/ No. of meeting(s)**
CHAN Him Alfred *(Chairman)*	1/1
LO Kin Cheung	0/1
TAM Cheuk Ho	1/1
WANG Xiufeng	1/1

The Board has adopted the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach towards achieving diversity on the Board.

In assessing the Board composition, the Nomination Committee would consider a number of perspectives as set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service, when making recommendations to the Board on the appointment and re-appointment of Directors and Directors' succession planning.

The Company considers that the current composition of the Board is well balanced and of a diverse mix appropriate for the business of the Company.

Remuneration Committee

During the year ended 31 December 2023, the Remuneration Committee was chaired by Mr. WANG Xiufeng, an independent non-executive Director, and its members comprised an executive Director Mr. HAN Weibing, and two independent non-executive Directors, namely, Mr. CHAN Him Alfred and Mr. LO Kin Cheung.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of independent non-executive Directors, etc.

The terms of reference of the Remuneration Committee have complied with the CG Code and are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

During the year ended 31 December 2023, the Remuneration Committee held one meeting, at which it made recommendation to the Board on the forthcoming remuneration policy and the remuneration of the executive Directors and the independent non-executive Directors.

The attendance record of the meetings is set out below:

Members of Remuneration Committee	**Attendance/ No. of meeting(s)**
WANG Xiufeng *(Chairman)*	1/1
CHAN Him Alfred	1/1
HAN Weibing *(resigned on 12 January 2024)*	1/1
LO Kin Cheung	0/1
WANG Xinhua *(appointed on 12 January 2024)*	0/0

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 benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the Share Option Scheme.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2023 is set out below:

Remuneration bands (HK$)	Number of person(s)
0 to 1,000,000	10

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 10 and 11 to the consolidated financial statements of this report.

ESG Committee

During the year ended 31 December 2023, the ESG Committee was chaired by Mr. YANG Guohua, an executive Director, and its members comprised two executive Directors namely Mr. YANG Guohua and Mr. HAN Weibing, one independent non-executive Director Mr. WANG Xiufeng and two staff members Mr. LIN Quanlong and Ms. QIN Lu.

The primary purpose of ESG Committee is to assist the Board in reviewing and overseeing the policies and issues with respect to environmental and social (including employment and labour practises, operating practices and community) of the Group.

During the year ended 31 December 2023, the ESG Committee held one meeting, at which it discussed the policies and issues with respect to corporate social responsibility, including workplace quality, occupational health and safety, environmental protection, operating practices and community involvement.

The attendance record of the meeting is set out below:

Members of ESG Committee	Attendance/ No. of meeting(s)
YANG Guohua *(Chairman)*	1/1
HAN Weibing *(resigned on 12 January 2024)*	1/1
WANG Xinhua *(appointed on 12 January 2024)*	0/0
WANG Xiufeng	1/1
LIN Quanlong	1/1
QIN Lu	1/1

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 Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2023 and up to the date of this report.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to inside information in relation to the securities of the Company.

INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

– the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

– the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

– the Group has strictly prohibited unauthorised use of confidential or inside information; and

– the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and company secretary are authorised to communicate with parties outside the Group.

AUDITOR'S REMUNERATION

The services provided by Ernst & Young and the associated fees thereof for the year ended 31 December 2023 were as follows:

Description of services performed	Fee (CNY)
Audit	
– statutory and regulatory filings	3,200,000

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Philosophy

Risk is inherent in the Group's business and the markets in which it operates. The goal of the Group is to identify and manage these risks so that the risks can be reduced, mitigated, transferred or avoided. To this end, the Group adopts a proactive risk management approach and implements an effective group-wide risk management framework.

The Board oversees the Group's overall risk management process through the Audit Committee, and it forms an important part of the corporate governance regime of the Group. The Group understands that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management is integrated into business and decision-making processes including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control and daily operations.

Group Risk Management and Internal Control Framework

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, while management is responsible for designing and implementing an internal control system to manage risks.

The Audit Committee assists the Board in monitoring the risk exposures, the design and operating effectiveness of the relevant risk management and internal control systems. The Audit Committee oversees the following procedures on behalf of the Board:

(i) Periodic assessment of key operational risks and control measures aimed at mitigating, reducing or transferring such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process;

(ii) Regularly review the business processes and operational reports, including the action plan to address the identified weaknesses in control, and the latest status and monitor results in the implementation of the recommendations; and

(iii) The external auditor regularly reports on the control issues identified in the course of their work and meet with the Audit Committee to discuss the scope and results of the review.

The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Group does not maintain its own internal audit team due to cost-saving reason but the internal audit team of the Group's related party is shared with the Group to assist the Audit Committee to review the effectiveness of the Group's risk management and internal control systems.

The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of the systems.

<table>
<tr><td rowspan="3">“Top-down” Overseeing, identification, assessment and mitigation of risk at corporate level.</td><td colspan="4">The Board of Directors</td></tr>
<tr><td>Responsible for the Group’s risk management and internal control systems.</td><td>Sets strategic objectives and reviews the effectiveness of the Group’s risk management and internal control systems.</td><td>Monitors the nature and extent of the Group’s major risks.</td><td>Provides guidance on the importance of risk management and risk management culture.</td></tr>
<tr><td>Management</td><td colspan="2">Audit Committee</td><td>Internal Audit</td></tr>
<tr><td rowspan="3">“Bottom-up” Identification, assessment and mitigation of risk at business unit level and across functional areas.</td><td>Designs, implements, and monitors risk management and internal control systems.</td><td colspan="2">Assists the Board in monitoring risk exposure, design and operating effectiveness of the underlying risk management and internal control systems.</td><td>Assists the Audit Committee to review the effectiveness of the Group’s risk management and internal control systems.</td></tr>
<tr><td colspan="4">Operational level</td></tr>
<tr><td colspan="2">Risk identification, assessment and mitigation performed across the business.</td><td colspan="2">Risk management process and internal control practised across business operations and functional areas.</td></tr>
</table>

Risk Management Procedures

This “top-down” approach is complemented by the “bottom-up” aspects, which require the head of the operating unit to participate in the identification of operational risks to determine the Group’s major risks.

The Group’s risk management and integrated internal control framework are closely intertwined, and major control measures are tested to assess performance.

Major Risk Management and Internal Control Initiatives in 2023

- The Group has adopted a number of policies and procedures to assess and prudently improve the effectiveness of risk management and internal control systems, including requiring the management of the Group to assess the relevant matters every year on a regular basis. The Group believes that this will help enhancing the Group's future corporate governance and business operations.

- The Group has embraced its risk management system into its core business operations. The operating units of the Company will continue to review and assess the potential risks that may have an impact on the ability of operational units and/or the Company to reach their business objectives. The review process includes assessing whether the existing internal control system continues to meet business demand, whether it responds to potential risks sufficiently and/or whether it needs to be supplemented. The results of the relevant review are recorded in the risk register of each operating unit for control and loading into the Group's comprehensive risk register for analysis of potential policy implications and for regular reporting to senior management and Directors.

- The Audit Committee has developed and supervises a reporting policy and a comprehensive set of procedures. Employees, customers, suppliers and other interested parties are able to report any actual or suspected misconduct involving the Company so that the matter may be investigated and effectively dealt with in an appropriate and transparent manner.

- The Group regulates the handling and issuance of inside information contained in the corporate responsibility policy and the subsidiary procedures to ensure that inside information is kept confidential until properly approved for disclosure and to ensure the effective and consistent publication of the relevant information.

- Other initiatives include: increasing the number of training courses and risk workshops when necessary; further standardising risk reporting terms, categories and quantifications; making the assessment of internal controls more closely linked to their potential risks; and increasing the frequency and depth of interaction with designated Directors on the Company's risk management system design, operation and findings.

- During 2023, selective reviews of the effectiveness of the systems of risk management and internal control of the Group over financial, operational and compliance controls with emphasis on coal mining, procurement, sales and business continuity management have been conducted by the internal audit team of the Group's related party. In addition, the heads of major business and corporate functions of the Group were required to undertake self-assessments of their key controls. These results were assessed by the same internal audit team and reported to the Audit Committee and the Board.

Employees are expected to observe the highest standard of ethical, integrity and professional conduct. The Group has adopted a whistle-blowing policy. The Audit Committee meets regularly with the Company's senior management to consider the effectiveness of risk management and internal control of the Company. As far as the Group is aware, there were no fraudulent practices brought to the Group's attention during the year.

Risk Profile

As a basis for the risk management approach, the Group's current risk profile is evaluated as to how these risks change over time. In 2023, the Group's significant risks were identified through the risk identification process as follows:

Introduction to risk	Risk changes in 2023	Major risk mitigation measures
Market risk The Group's business continued to depend on the demand for anthracite from the downstream industries and the business growth of downstream customers, especially in the cement, chemical, construction and steel industries. A significant downturn in these industries or a significant decline in customer demand may have adverse effects on the Group's business, operating results and financial results. During 2023, the coal market was generally in a tight balance, and the price of coal remained relatively high, although declined as compared to 2022.	Unchanged	The Group has adopted and adhered to the market strategy of product differentiation and building a brand name of Feishang Anthracite. In 2023, the Group continued to strengthen the brand name of Feishang Anthracite to retain and further penetrate the high-end market, and has built up strategic cooperation relationship with large-scale state-owned and local enterprise customers.

Introduction to risk	Risk changes in 2023	Major risk mitigation measures
Going concern risk The Group's business is capital intensive and requires sufficient cash flows to construct and develop coal mines, to purchase machinery and equipment, and to meet daily working capital demands. As at 31 December 2023, the Group had net current liabilities of approximately CNY3,537.5 million and shareholders' deficit of approximately CNY1,058.5 million. If the Group failed to obtain funds in a timely manner, it would have an adverse impact on the Group's financial condition, operations and prospects.	Increase	The Group managed to obtain bank credit facilities from the banks and entered into loan renewal discussions with the existing banks and obtain continuous financial support from Feishang Enterprise, an entity controlled by the ultimate controlling shareholder Mr. LI Feilie. Additionally, the Group was in the process of implementing the following measures to improve the Group's cash flows: (i) focusing on coal quality management to improve the competitiveness and average selling price of its coal products; (ii) continuing to expand production output in pursuit of economies of scale and opportunities for better product diversification; (iii) taking measures to tighten cost controls over various production costs and expenses; (iv) entering into loan renewal discussions with the banks; and (v) obtaining continual financial support and funding from Feishang Enterprise. Considering the above measures, the Group will meet the working capital requirements in the next 12 months.
Production safety risk Safety risks are inherent in the Group's mining operation. Gas explosion, coal and gas outburst, caving, coal mine floods and secondary geological disasters might lead to injury, death or serious property loss, or disruption to or even suspension of the Group's mine operations.	Unchanged	To improve the safety of coal mines, the Group has implemented a variety of measures to strengthen safety standards, such as establishing safety management committees and safety supervision departments to check the safety of coal mines, installing new safety equipment and facilities, establishing additional operational safety guidelines, and implementing production safety system and strengthening training. In 2023, the Group did not have any major accidents leading to casualty.

Introduction to risk	Risk changes in 2023	Major risk mitigation measures
Supervision risk Coal mining is a highly regulated industry in China. The Group's coal mining operations are subject to supervision under extensive Chinese laws, regulations, policies, and standards for production safety, environmental protection, taxation, and labour and foreign exchange control, and China's coal mine safety and environmental protection supervision are increasingly stringent. Any irregularities or non-compliance may lead to fines and administrative penalties, including suspension of operation or revocation of business licenses.	Increase	The Group's ESG Committee and the management, with the support of external professional advisers, will review and supervise the compliance of the Group with relevant laws, regulations, codes and related policies and practices, and the Listing Rules on a regular basis.

2023 Annual Risk Management and Internal Control Effectiveness

The Board conducts review of the Group's risk management and internal control systems at least once a year.

For the year ended 31 December 2023, the Board has conducted a review on the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified.

During the course of the review, the Board believed that the resources, qualification/experience of staff of the Group's accounting and financial reporting function, the internal audit function of the Group's related party, and their training and budget were adequate.

GOING CONCERN

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

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

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

COMPANY SECRETARY

The company secretary of the Company is Mr. YUE Ming Wai Bonaventure.

The company secretary of the Company has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

The Company amended its existing Memorandum and Articles of Association during the year ended 31 December 2022 by way of adoption of the new Memorandum and Articles of Association (a) to bring the Memorandum and Articles of Association to be in line with the relevant requirements of the applicable laws of the British Virgin Islands and the Listing Rules; and (b) to allow the Company to hold shareholders' meetings by electronic means. Other minor amendments to the existing Memorandum and Articles of Association were also made to introduce the corresponding and housekeeping changes.

A copy of the new Memorandum and Articles of Association of the Company is posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fsanthracite.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning an extraordinary general meeting

Shareholders may put forward proposals at general meetings by requisitioning an extraordinary general meeting. Pursuant to Article 10.3 of the Articles of Association, extraordinary general meetings may be convened by the Board on the written requisition of any two or more shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The requisition shall be deposited at the principal office of the Company in Hong Kong (Room 2205, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong) or, in the event the Company ceases to have such a principal office, the registered office (Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI) specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(b) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the AGM, the annual report, interim report, various notices, announcements and circulars, to ensure its Shareholders are kept well informed of key business imperatives.

General meetings of the Company provide a direct forum of communication between its Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the chairman of the Board, or in his absence, an executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquiries.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company’s developments.

The Company also maintains a website at www.fsanthracite.com, where updates on the Company's business developments and operations, financial information and news can be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows: -

Room 2205, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong
Fax: (852) 2810 6963
Email: bonyue@fsanthracite.com

In addition, procedure for Shareholders to propose a person for election as a Director is available on the Company's website at www.fsanthracite.com.

The above procedures are subject to the Articles of Association and applicable laws and regulations.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows of the Group for the year and which are in compliance with International Financial Reporting Standards, statutory requirements and other regulatory requirements. As at 31 December 2023, the Group had net current liabilities of approximately CNY3,537.5 million and shareholders' deficit of approximately CNY1,058.5 million. However, the Board has given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. The statement of the auditor regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 61 to 67 of this report. Save as disclosed in the paragraph headed "Going Concern" above, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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To the shareholders of Feishang Anthracite Resources Limited
(Incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Feishang Anthracite Resources Limited (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 157, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of *Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment ("PPE")	
As at 31 December 2023, the Group had property, plant and equipment in the amount of CNY2,528.9 million. As described in Note 2.4(f), Note 2.5(i) and Note 15 to the consolidated financial statements, the Group is required to review PPE for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management performed an impairment assessment on such PPE by determining the recoverable amounts of the cash-generating units ("CGUs") to which the PPE were allocated. As a result of the impairment assessment, impairment losses of CNY262.7 million were provided during the year ended 31 December 2023. Auditing management's impairment assessment of PPE was complex due to the significant estimates and judgements involved in the projections of future cash flows, including the future sales volumes, coal sales prices, future operating costs and discount rates applied to these forecasted future cash flows. These estimates and judgements may be significantly affected by unexpected changes in future market or economic conditions.	Among our audit procedures performed, we compared the methodology used by the Group, that is, the recoverable amount calculations based on future discounted cash flows, to industry practice and tested the underlying data used in the projections. We also assessed the significant assumptions used in the calculations, which included, amongst others, the future sales volumes, coal sales prices, operating costs and discount rates. We compared coal sales prices to external industry outlook reports and analysed the history of management's estimates. In addition, we involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts. We evaluated the sensitivity of the significant assumptions described above by assessing the changes to the recoverable amounts of the CGUs resulting from changes in these assumptions. We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements regarding the impairment assessment.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred tax assets ("DTA")	
As at 31 December 2023, the Group recognised deferred tax assets amounting to CNY79.4 million from deductible temporary differences and tax losses carried forward before offsetting. As described in Note 2.4(t), Note 2.5(ii) and Note 12 to the consolidated financial statements, the Group recognised these deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. Auditing management's recognition of deferred tax assets is complex because it requires significant estimation and judgement to evaluate management's significant assumptions, including future taxable profits, the time of the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions.	Among our audit procedures performed, we compared the future tax rates, nature of the deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward, with the tax law framework. We recalculated the Group's utilisation of tax losses carried forward and the reversal of deductible temporary differences used in management's calculation and compared these amounts to the taxable profit and taxable temporary differences for the respective years. We evaluated management's significant assumptions in determining the future available taxable profits, for example, the future sales volumes, coal sales prices and operating costs. We compared coal sales prices to external industry outlook reports and analysed the history of management's estimates. We also tested the underlying data used in the taxable profit forecast, and compared management's assumptions described above to the assumptions that management used to perform the impairment assessment of PPE. We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements regarding the deferred tax assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Ka Yan Augustine.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
CONTINUING OPERATIONS			
Revenue	5	990,786	1,603,197
Cost of sales	6	(758,332)	(942,674)
Gross profit		232,454	660,523
Selling and distribution expenses		(99,744)	(118,478)
Administrative expenses		(165,104)	(160,604)
Impairment losses on financial assets, net	8	(4,434)	(2,745)
Impairment losses on property, plant and equipment	8	(262,726)	–
Other operating expenses, net		(48,517)	(94,397)
Finance costs	7	(142,590)	(152,638)
Interest income	8	2,052	575
Share of profit and loss of associates		–	(157)
(LOSS)/PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	8	(488,609)	132,079
Income tax	12	(30,463)	(58,134)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(519,072)	73,945
DISCONTINUED OPERATIONS			
(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	4	(594)	27,115
(LOSS)/PROFIT FOR THE YEAR		(519,666)	101,060
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations		(492,829)	25,985
From discontinued operations		(589)	27,122
		(493,418)	53,107
Non-controlling interests			
From continuing operations		(26,243)	47,960
From discontinued operations		(5)	(7)
		(26,248)	47,953
		(519,666)	101,060
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (CNY per share)			
– For (loss)/profit from continuing operations	13	(0.36)	0.02
– For (loss)/profit from discontinued operations	13	*	0.02
– Net (loss)/earnings per share	13	(0.36)	0.04

* Insignificant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023**	2022
		CNY'000	CNY'000
			(Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**2,528,870**	2,615,683
Right-of-use assets	16(a)	**269,098**	286,830
Rehabilitation fund	17	**17,285**	12,448
Prepayments and other receivables	18	**34,285**	52,583
Investments in associates	19	**–**	–
Deferred tax assets	12	**14,633**	56,071
TOTAL NON-CURRENT ASSETS		**2,864,171**	3,023,615
CURRENT ASSETS			
Inventories	20	**60,555**	38,688
Trade and bills receivables	21	**9,316**	82,042
Prepayments and other receivables	18	**114,797**	104,554
Financial assets at fair value through profit or loss		**–**	7,031
Pledged deposits	22	**46,934**	37,369
Cash and cash equivalents	22	**10,107**	24,713
TOTAL CURRENT ASSETS		**241,709**	294,397
TOTAL ASSETS		**3,105,880**	3,318,012
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	23	**948,910**	906,998
Other payables and accruals	24	**921,783**	619,205
Interest-bearing bank and other borrowings	25	**1,702,875**	1,496,404
Lease liabilities	16(b)	**64,614**	84,108
Interest payable		**41,553**	44,032
Income tax payable		**55,679**	85,773
Mining right payables	26	**43,783**	69,613
TOTAL CURRENT LIABILITIES		**3,779,197**	3,306,133

continued/...

	Notes	2023 CNY'000	2022 CNY'000 (Restated)
NON-CURRENT LIABILITIES			
Due to the Shareholder	33(c)	14,463	12,359
Due to a related company	33(c)	165,407	144,686
Interest-bearing bank and other borrowings	25	35,125	214,897
Lease liabilities	16(b)	67,455	48,551
Deferred tax liabilities	12	74,062	85,326
Mining rights payables	26	–	23,400
Deferred income	27	12,903	15,706
Asset retirement obligations	28	15,790	14,763
TOTAL NON-CURRENT LIABILITIES		385,205	559,688
TOTAL LIABILITIES		4,164,402	3,865,821
EQUITY			
Share capital	29	1,081	1,081
Reserves	31	(1,283,705)	(797,974)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,282,624)	(796,893)
NON-CONTROLLING INTERESTS		224,102	249,084
TOTAL EQUITY		(1,058,522)	(547,809)
TOTAL LIABILITIES AND EQUITY		3,105,880	3,318,012

Wang Xinhua
Chairman and Executive Director

Fu Jiangen
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital CNY'000 Note 29	Share premium account* CNY'000	Safety fund and production maintenance fund* CNY'000 Note 31 (a)	Special reserve* CNY'000 Note 31 (b)	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	1,081	204,524	329,380	30,724	(1,420,427)	5,513	(849,205)	201,131	(648,074)
Effect of amendments to IAS 12 (Note 2.2(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 year (restated)	–	–	–	–	53,107	–	53,107	47,953	101,060
Foreign currency translation adjustments	–	–	–	–	–	(796)	(796)	–	(796)
Total comprehensive income for the year (restated)	–	–	–	–	53,107	(796)	52,311	47,953	100,264
Disposal of equity interests in a subsidiary	–	–	(2,572)	–	2,572	–	–	–	–
Appropriation and utilisation of safety fund and production maintenance fund, net	–	–	(30,632)	–	30,632	–	–	–	–
At 31 December 2022 (restated)	1,081	204,524	296,176	30,724	(1,334,115)	4,717	(796,893)	249,084	(547,809)
At 31 December 2022	**1,081**	**204,524**	**296,176**	**30,724**	**(1,334,140)**	**4,717**	**(796,918)**	**249,084**	**(547,834)**
Effect of amendments to IAS 12 (Note 2.2(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 year	**–**	**–**	**–**	**–**	**(493,418)**	**–**	**(493,418)**	**(26,248)**	**(519,666)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(330)**	**(330)**	**–**	**(330)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(493,418)**	**(330)**	**(493,748)**	**(26,248)**	**(519,996)**
Deemed contribution from a related party (Note 31 (b))	**–**	**–**	**–**	**8,017**	**–**	**–**	**8,017**	**1,266**	**9,283**
Appropriation and utilisation of safety fund and production maintenance fund, net	**–**	**–**	**(11,736)**	**–**	**11,736**	**–**	**–**	**–**	**–**
At 31 December 2023	**1,081**	**204,524**	**284,440**	**38,741**	**(1,815,797)**	**4,387**	**(1,282,624)**	**224,102**	**(1,058,522)**

* These reserve accounts comprise the consolidated reserves of deficit of CNY1,283.7 million (31 December 2022 (restated): deficit of CNY798.0 million) in the consolidated statement of financial position as at 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 CNY'000	2022 CNY'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before income tax:			
From continuing operations		**(488,609)**	132,079
From discontinued operations	4	**(594)**	27,115
Adjustments for:			
Interest income	8	**(2,052)**	(575)
Finance costs	7	**133,268**	144,523
Share of profit and loss of associates		**–**	157
Increase in restricted bank deposits		**(1,565)**	(2,369)
(Gain)/loss on disposal of items of property, plant and equipment	8	**(413)**	3,379
Depreciation of property, plant and equipment	8	**213,065**	300,841
Depreciation of right-of-use assets	8	**22,590**	25,387
Impairment losses on financial assets, net	8	**4,434**	2,745
Impairment losses on property, plant and equipment	8	**262,726**	–
Gains from financial assets at fair value through profit or loss	8	**(251)**	(638)
Impairment of investments in an associate		**–**	640
Gain on disposal of a subsidiary	4	**–**	(25,878)
Sub-total		**142,599**	607,406
Increase in rehabilitation fund		**(4,837)**	(2,336)
Decrease in trade and bills receivables		**72,991**	71,252
Increase in inventories		**(21,867)**	(9,563)
(Increase)/decrease in prepayments and other receivables		**(42,786)**	10,454
(Decrease)/increase in trade and bills payables		**(383)**	102,824
Increase in other payables and accruals		**434,652**	39,997
Decrease in an amount due to an associate		**–**	(164)
Decrease in deferred income		**(2,803)**	(2,851)
Cash from operations		**577,566**	817,019
Interest received		**2,052**	575
Interest paid		**(130,499)**	(136,923)
Income tax paid		**(30,383)**	(43,508)
Net cash flows from operating activities		**418,736**	637,163

continued/...

	Notes	2023 CNY'000	2022 CNY'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from financial assets at fair value through profit or loss		**7,282**	38
Purchases of items of property, plant and equipment		**(260,464)**	(249,119)
Proceeds from disposal of items of property, plant and equipment		**3**	5
Disposal of a subsidiary		**–**	(1,676)
Net cash flows used in investing activities		**(253,179)**	(250,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		**1,532,544**	1,440,748
Repayments of interest-bearing bank and other borrowings		**(1,505,845)**	(1,624,209)
(Increase)/decrease in pledged deposits	22	**(8,000)**	26,300
Advances from the Shareholder		**2,104**	5,838
Advances from a related company	33(c)	**1,705,374**	1,413,240
Repayments to a related company	33(c)	**(1,791,254)**	(1,535,479)
Principal portion of lease payments	16	**(114,756)**	(111,292)
Net cash flows used in financing activities		**(179,833)**	(384,854)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(14,276)**	1,557
Effect of foreign exchange rate changes, net		**(330)**	(796)
Cash and cash equivalents at the beginning of the year		**24,713**	23,952
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**10,107**	24,713

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern

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

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

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

2.2 Changes in accounting policies and disclosures

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

(c) (continued)

Impact on the consolidated statements of financial position:

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

(c) *(continued)*

Impact on the consolidated statements of profit or loss:

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRSs (continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Material accounting policies

(a) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owner of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(a) *Business combinations (continued)*

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in the consolidated statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(a) Business combinations (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(b) Related parties

A party is considered to be related to the Group if:

(1) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(b) Related parties (continued)

or

(2) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (1);

(vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(c) Property, plant and equipment

Property, plant and equipment comprise buildings, mining structures, mining rights, machinery and equipment, motor vehicles and construction in progress.

Exploration rights are capitalised and amortised over the term of the licence granted to the Group by the authorities.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures.

Buildings, mining structures, machinery and equipment, and motor vehicles are stated at cost less accumulated depreciation and any impairment losses. Expenditures for routine repairs and maintenance are expensed as incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(c) Property, plant and equipment (continued)

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The costs of mining rights are initially capitalised when purchased. If proved and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs are capitalised and are amortised upon production based on actual units of production over the estimated proved and probable reserves of the mines. For mining rights in which proved and probable reserves have not yet been established, the Group assesses the carrying value for impairment at the end of each reporting period. The Group's rights to extract minerals are contractually limited by time. However, the Group believes that it will be able to extend its licences.

Mining related buildings, mining structures and mining related machinery and equipment are stated at cost less accumulated depreciation and any impairment losses. Those mining related assets for which proved and probable reserves have been established are depreciated upon production based on actual units of production over the estimated proved and probable reserves of the mines.

Reserve estimates are reviewed when information becomes available that indicates a reserve change is needed, or at a minimum once a year. Any material effect from changes in estimates is considered in the period the change occurs.

Depreciation for the following items is calculated on the straight-line basis over each asset's estimated useful life down to the estimated residual value of each asset.

Estimated useful lives are as follows:

Non-mining related buildings	15 – 35 years
Non-mining related machinery and equipment	5 – 15 years
Motor vehicles	5 – 8 years

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate, at each reporting date.

When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognised in the consolidated statement of profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(c) Property, plant and equipment (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

One or more items of property, plant and equipment may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired item is measured in this way even if an entity cannot immediately derecognise the asset given up. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

The Group determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if: (a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or (b) the entity specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange; and (c) the difference in (a) or (b) is significant relative to the fair value of the assets exchanged.

The fair value of an asset is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value. If an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(d) Fair value measurement

The Group measures derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(e) Exploration and evaluation costs

Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing coal bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is expensed as incurred.

Once the exploration right to explore has been acquired, exploration and evaluation expenditure is charged to the consolidated statement of profit or loss as incurred, unless a future economic benefit is more likely than not to be realised. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

(f) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(f) Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(g) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out in Note 2.4(q) "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(g) Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(g) Investments and other financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

(h) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(h) Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(i) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(i) Impairment of financial assets (Continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below:

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(j) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(j) Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weight-average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Major types of inventories include:

- Spare parts and consumables
- Coal

(m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(n) Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans administered by the PRC government. The relevant government agencies undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Further information is set out in Note 9.

Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(o) Asset retirement obligations

The Group's legal or constructive obligations associated with the retirement of non-financial assets are recognised at fair value at the time the obligations are incurred and if it is probable that an outflow of resources will be required to settle the obligation, and a reasonable estimate of fair value can be made. Upon initial recognition of a liability, a corresponding amount is capitalised as part of the carrying amount of the related property, plant and equipment. Asset retirement obligations are regularly reviewed by management and are revised for changes in future estimated costs and regulatory requirements. Changes in the estimated timing of retirement or future estimated costs are dealt prospectively by recording an adjustment against the carrying value of the provision and a corresponding adjustment to property and equipment. Depreciation of the capitalised asset retirement cost is generally determined on a unit-of-production basis. Accretion of the asset retirement obligation is recognised over time and generally will escalate over the life of the production asset, typically as production declines. Accretion is included in the finance costs in the consolidated statement of profit or loss. Any difference between the recorded obligation and the actual costs of reclamation is recorded in the consolidated statement of profit or loss in the period the obligation is settled.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(p) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly relating to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

(q) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(q) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Sale of coal

Revenue from the sale of coal is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

The coal is sold on its own in separately identified contracts with customers.

(ii) Coal trading

The Group provides procurement services on coal with specified high calorific value as an agent. Revenue under agency arrangements is recognised on a net base, and at a point in time, upon receipt by the customer of the coal with specified high calorific value.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(r) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

(s) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(t) Income taxes

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or loss or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, by the reporting date, taking into consideration interpretations and practices prevailing in the countries where the Group operates and generates taxable income.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(t) Income taxes (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) Foreign currencies

The functional currency of substantially all the operations of the Group is the CNY, the national currency of the PRC. Transactions denominated in currencies other than the CNY recorded by the entities of the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in other currencies have been translated into CNY at the functional currency rates of exchange prevailing at the end of the reporting period. The resulting exchange gains or losses are credited or charged to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

The financial statements of certain overseas subsidiaries with a functional currency other than the CNY have been translated into CNY. The assets and liabilities of these entities have been translated using the exchange rates prevailing at the reporting date and their statements of profit or loss have been translated using the weighted average exchange rate for the year. Resulting translation adjustments are reported as a separate component of other comprehensive income.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(v) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

(w) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and a non-lease component, the Group adopts the practical expedient not to separate the non-lease component and to account for the lease component and the associated non-lease component (e.g., property management services for leases of properties) as a single lease component.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(w) Leases (continued)

Group as a lessee (continued)

(1) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
Machinery and equipment	3 to 10 years
Leasehold land	15 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(2) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(w) Leases (continued)

Group as a lessee (continued)

(2) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(x) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

(y) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(i) Principal versus agent consideration

The Group has certain contracts with customers to acquire, on their behalf, coal with specified high calorific value provided by third-party suppliers. Under these contracts, the Group provides procurement services. The Group determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct the use of the coal or obtain benefits from the coal. The following factors indicate that the Group does not control the goods before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group does not have inventory risk before or after the coal with specified high calorific value has been transferred to the customer as the coal is shipped by the supplier directly to the customer, and the third-party supplier bears all the consequences of price reduction, penalty or rejection if the quantity or quality of coal supplied does not meet the requirements.

- The Group has no discretion in establishing the price for the coal with specified high calorific value. The amount of Group's gross profit is pre-determined based on the fixed fee signed in the contract.

2. ACCOUNTING POLICIES (continued)

2.5 Significant accounting judgements and estimates (continued)

Judgements (continued)

(i) Principal versus agent consideration (continued)

In addition, the Group concluded that it transfers control over its services, at a point in time, upon receipt by the customer of the coal with specified high calorific value, because this is when the customer benefits from the Group's agency service.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment of property, plant and equipment

Long-lived assets to be held and used, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of assets, various assumptions, including the future sales volumes, coal prices and operating costs to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

(ii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be recovered. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 12 to the financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

Geographic information

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

Information about major customers

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

4. DISCONTINUED OPERATIONS

(a) Discontinued operation of Gouchang Coal Mine

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

* *For identification purpose only*

4. DISCONTINUED OPERATIONS (continued)

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

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

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

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

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

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

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

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

4. DISCONTINUED OPERATIONS (continued)

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

The results of the discontinued operation are presented below:

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

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

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

* Insignificant

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

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

(i) Disaggregated revenue information

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

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

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

5. 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.

6. COST OF SALES FROM CONTINUING OPERATIONS

Cost of sales from continuing operations represents the following:

	2023	2022
	CNY'000	CNY'000
Sale of coal (Note 8)	**758,332**	942,674

7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2023	2022
	CNY'000	CNY'000
Interest on interest-bearing bank and other borrowings	**123,794**	126,616
Interest on lease liabilities (Note 16(b)/Note 16(c))	**6,302**	10,581
Interest on payables for mining rights	**2,145**	6,367
Total interest expense	**132,241**	143,564
Bank charges	**572**	301
Discount coupon (Note 35)	**8,750**	7,814
Accretion expenses (Note 28)	**1,027**	959
	142,590	152,638

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

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

	2023 CNY'000	2022 CNY'000
Interest income on bank deposits	(2,052)	(575)
Government grant (a)	(24,464)	(16,097)
Cost of inventories sold (b)	571,831	721,916
Sales tax and surcharge	64,016	78,218
Utilisation of safety fund and production maintenance fund	122,485	142,540
Cost of sales (Note 6)	758,332	942,674
Employee benefit expenses (Note 9)	309,634	370,918
Depreciation, depletion and amortisation:		
– Property, plant and equipment (Note 15)	213,065	300,841
– Right-of-use assets (Note 16(a)/Note 16(c))	22,590	25,387
Lease payments not included in the measurement of lease liabilities (Note 16(c))	1,221	865
Auditors' remuneration:		
– Audit fee	3,200	2,980
Impairment losses on financial assets, net	4,434	2,745
Impairment losses on property, plant and equipment (Note 15)	262,726	–
Gains from financial assets at fair value through profit or loss	(251)	(638)
(Gain)/loss on disposal of property, plant and equipment	(413)	3,379
Transportation fee	71,324	87,249

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

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

9. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	2023 CNY'000	2022 CNY'000
Wages, salaries and allowances	278,742	331,381
Contribution to pension plans (a)	6,190	13,222
Housing funds (a)	2,617	4,917
Welfare and other expenses	28,255	22,552
Sub-total	315,804	372,072

(a) According to the PRC state regulations, the employees of the Group's subsidiaries which operate in Chinese Mainland 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:

	2023 CNY'000	2022 CNY'000
Total employee benefits accrued for the year	315,804	372,072
Less:		
Amount included in inventories	(6,170)	(1,154)
Amount charged to (loss)/profit from continuing operations (Note 8)	309,634	370,918

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 CNY'000	2022 CNY'000
Fees	327	318
Other emoluments:		
Salaries, allowances and benefits in kind	1,212	1,366
Pension scheme contributions	184	166
	1,396	1,532
	1,723	1,850

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023	2022
	CNY'000	CNY'000
Mr. Lo Kin Cheung (i)	**109**	106
Mr. Wang Xiufeng (ii)	**109**	106
Mr. Chan Him Alfred (iii)	**109**	106
	327	318

There were payables of CNY0.33 million to the independent non-executive directors during the year (2022: CNY0.32 million).

(i) Mr. Lo Kin Cheung was appointed as the Company's non-executive director with effect from 23 December 2013.

(ii) Mr. Wang Xiufeng was appointed as the Company's non-executive director with effect from 29 March 2019.

(iii) Mr. Chan Him Alfred was appointed as the Company's non-executive director with effect from 31 May 2021.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2023				
Executive directors:				
Mr. Han Weibing (i)	*	275	115	390
Mr. Tam Cheuk Ho	*	–	–	*
Mr. Wong Wah On Edward	*	–	–	*
Mr. Wang Weidong (i)	*	390	63	453
Mr. He Jianhu	*	–	–	*
Mr. Yang Guohua	*	547	6	553
	*	1,212	184	1,396

* HK$1

(i) Mr. Han Weibing has resigned as an executive director, the chairman of the board and the chief executive officer of the Company and Mr. Wang Weidong has resigned as an executive director of the Company. The above resignations have taken effect from 12 January 2024.

Mr. Wang Xinhua was appointed as an executive director and the chairman of the board of the Company, and Mr. Fu Jiangen was appointed as an executive director of the Company, with effect from 12 January 2024.

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2022				
Executive directors:				
Mr. Han Weibing	*	366	110	476
Mr. Tam Cheuk Ho	*	–	–	*
Mr. Wong Wah On Edward	*	–	–	*
Mr. Wang Weidong	*	520	56	576
Mr. He Jianhu	*	–	–	*
Mr. Yang Guohua	*	480	–	480
	*	1,366	166	1,532

* HK$1

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2023 (2022: Nil).

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees for the year ended 31 December 2023 included two directors (2022: three), details of whose remuneration are set out in Note 10 above.

Details of the remuneration of the remaining three (2022: two) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2023 **CNY'000**	2022 CNY'000
Wages, salaries and allowances	**1,231**	942
Contribution to pension plans	**16**	–
Housing funds	**12**	–
Welfare and other expenses	**4**	–
	1,263	942

The number of non-director and non-chief executive officer highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**3**	2
	3	2

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX

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

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

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

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

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

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

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

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

12. INCOME TAX 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:

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

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

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

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

12. INCOME TAX FROM CONTINUING OPERATIONS AND DEFERRED TAX (continued)

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

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

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

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

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

* Insignificant

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

14. DIVIDEND

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

15. PROPERTY, PLANT AND EQUIPMENT

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2023, certain mining rights with a carrying amount of CNY453.3 million (31 December 2022: CNY508.1 million) were pledged to secure bank loans with a carrying amount of CNY1,371.2 million (31 December 2022: CNY1,532.6 million) (Note 25).

As at 31 December 2023, certain mining structure, machinery and equipment with a carrying amount of CNY171.0 million (31 December 2022: CNY105.5 million) were pledged to secure bank loans with a carrying amount of CNY109.6 million (31 December 2022: CNY43.7 million) (Note 25).

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

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

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

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

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

16. LEASES

(a) Right-of-use assets

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

	Leasehold land 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	**18,780**	**95,386**	**–**	**114,166**
Depreciation charge	**(474)**	**(20,446)**	**(1,670)**	**(22,590)**
Reclassified to property, plant and equipment	**–**	**(109,308)**	**–**	**(109,308)**
As at 31 December 2023	**73,329**	**193,161**	**2,608**	**269,098**

(b) Lease liabilities

	2023 CNY'000	2022 CNY'000
Carrying amount at 1 January	**132,659**	178,087
New leases	**114,166**	65,864
Accretion of interest recognized during the year (Note 7)	**6,302**	10,581
Payments	**(121,058)**	(121,873)
Carrying amount at 31 December	**132,069**	132,659
Analysed into:		
Current portion	**64,614**	84,108
Non-current portion	**67,455**	48,551

16. LEASES (continued)

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

	2023 CNY'000	2022 CNY'000
Interest on lease liabilities (Note 7)	6,302	10,581
Depreciation charge of right-of-use assets (Note 8)	22,590	25,387
Expense relating to leases of low-value assets (included in administrative expenses)	1,221	865
Total amount recognised in profit or loss	30,113	36,833

(d) The total cash outflow for leases is disclosed in Note 40(c) to the consolidated financial statements.

17. 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.

18. PREPAYMENTS AND OTHER RECEIVABLES

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

	2023 CNY'000	2022 CNY'000
Current:		
Prepaid spare parts and consumable purchases	18,432	33,282
Deposits	25,904	26,571
Staff advances	8,593	9,967
Withheld social security	35,141	29,534
Value-added tax recoverable	8,007	4,086
Prepaid transportation fee	1,704	1,721
Prepaid coals for trading purposes	26,932	5,392
Others	4,932	4,150
Less: Impairment allowance	(14,848)	(10,149)
	114,797	104,554
Non-current:		
Prepayments for construction-related work	21,438	33,069
Prepayments for machinery and equipment purchases	14,722	20,604
Prepayments for mining plan design	562	1,241
Others	1,076	1,182
Less: Impairment allowance	(3,513)	(3,513)
	34,285	52,583
	149,082	157,137

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

18. PREPAYMENTS AND OTHER RECEIVABLES (continued)

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

	2023 CNY'000	2022 CNY'000
Current:		
At the beginning of the year	10,149	7,548
Impairment losses recognised	4,699	2,601
Sub-total	14,848	10,149
Non-current:		
At the beginning of the year	3,513	3,513
Impairment losses recognised	–	–
Sub-total	3,513	3,513
At the end of the year	18,361	13,662

Where applicable upon financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. For staff advances, deposits and others, management considers the probability of default to be minimal. Except for the separate item of prepayments already impaired, the financial assets included in the above balances relate to receivables for which there was no recent history of default, and no impairment was provided during the year.

19. INVESTMENTS IN ASSOCIATES

On 6 December 2017, Guizhou Longfei Technology Development Co., Ltd. (貴州隆飛科技發展有限公司, "Longfei") was established with registered capital of CNY20.0 million. Bijie Feishang Energy Co., Ltd. ("Bijie Feishang"), an indirectly wholly-owned subsidiary of the Company, subscribed 20% of the capital at an amount of CNY4.0 million. Bijie Feishang paid the subscribed capital of CNY2.4 million in year 2018.

19. INVESTMENTS IN ASSOCIATES (continued)

On 19 July 2021, Zongshang Network (Hainan) Supply Chain Management Co., Ltd. (宗商網(海南)供應鏈管理有限公司, "Zongshang") was established with registered capital of CNY50.0 million. Bijie Feishang subscribed 20% of the capital at an amount of CNY10.0 million. Up to 31 December 2023, Bijie Feishang had not yet paid the subscribed capital of CNY10.0 million.

	2023	2022
	CNY'000	CNY'000
Share of net assets	**640**	640
Provision for impairment	**(640)**	(640)
	–	–

The associates are accounted for using the equity method in the consolidated financial statements.

As at 31 December 2023, the Group's share of losses of associates exceeded its interests in the associates and the unrecognised further losses amounted to CNY0.1 million (31 December 2022: Nil).

Particulars of the associates are as follows:

			Percentage of			
Name	**Registered capital CNY'000**	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
Longfei	20,000	Guizhou, Chinese Mainland	20.00%	20.00%	20.00%	Trading and repairing of mining facilities and spare parts
Zongshang	50,000	Hainan, Chinese Mainland	20.00%	20.00%	20.00%	Trading and supply chain management

In the opinion of the Directors, the investments in associates are not material to the Group and no further disclosure of the particulars of the associates are presented.

20. INVENTORIES

	2023	2022
	CNY'000	CNY'000
Spare parts and consumables	**38,820**	35,232
Coal	**23,545**	5,266
	62,365	40,498
Less: Provision for impairment	**(1,810)**	(1,810)
	60,555	38,688

21. TRADE AND BILLS RECEIVABLES

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

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

Trade receivables (including inter-company trade receivables) of CNY52.3 million (31 December 2022: CNY72.1 million) were pledged as security for short-term loans of CNY48.5 million (31 December 2022: CNY50.0 million) as at 31 December 2023 (Note 25).

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

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

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

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

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

21. TRADE AND BILLS RECEIVABLES (continued)

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

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

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

As at 31 December 2023

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

As at 31 December 2022

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

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2023 CNY'000	2022 CNY'000
Pledged deposits (i)		
Pledged and restricted for bank bills (Note 23)	**28,000**	35,000
Restricted bank deposits	**3,934**	2,369
Pledged and restricted for bank loans (Note 25)	**15,000**	–
Cash and cash equivalents	**10,107**	24,713
	57,041	62,082

(i) Pledged deposits mainly include deposits of CNY28.0 million (31 December 2022: CNY35.0 million) held as security for bank bills and a deposit of CNY15.0 million (31 December 2022: Nil) held as security for bank loans and restricted bank deposits frozen due to a lawsuit of CNY3.9 million (31 December 2022: CNY2.4 million) as at 31 December 2023.

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

	2023 CNY'000	2022 CNY'000
CNY	**56,909**	61,432
Hong Kong dollar	**132**	650
	57,041	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 Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange CNY for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE AND BILLS PAYABLES

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

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

(b) Pledged deposits of CNY28.0 million (31 December 2022: CNY35.0 million) were pledged to secure the bank bills as at 31 December 2023 (Note 22).

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

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

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

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

24. OTHER PAYABLES AND ACCRUALS

	2023 CNY'000	2022 CNY'000
Deposits from contractors	**233,551**	207,392
Social security payable (a)	**103,025**	97,610
Payroll payable	**43,336**	64,349
Contract liabilities (b)	**385,558**	86,569
Other taxes payable	**90,836**	102,974
Professional fee	**2,878**	3,472
Payables for emergency rescue of the coal mine	**4,943**	4,000
Geological hazard compensation	**8,744**	9,785
Others	**48,912**	43,054
	921,783	619,205

(a) Social security payable consists of employee retirement insurance, medical insurance, maternity insurance, employment injury insurance and unemployment insurance and housing funds for the benefit of the Group's employees.

(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責任公司) 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.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

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 CNY453.3 million (31 December 2022: CNY508.1 million) as at 31 December 2023 (Note 15);

(2) pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun, Baiping Mining, Xinsong Coal and Guizhou Yongfu as at 31 December 2023 and pledges over the Company's equity interests in Guizhou Puxin, Guizhou Dayun and Baiping Mining as at 31 December 2022;

(3) pledges over trade receivables (including inter-company trade receivables) with a carrying amount of CNY52.3 million (31 December 2022: CNY72.1 million) as at 31 December 2023 (Note 21);

(4) pledges over mining structure, machinery and equipment owned by Guizhou Dayun with a carrying amount of CNY83.9 million, by Baiping Mining with a carrying amount of CNY19.1 million and by Xinsong Coal with a carrying amount of CNY68.0 million (31 December 2022: CNY83.5 million owned by Guizhou Dayun and CNY22.0 million owned by Baiping Mining) as at 31 December 2023 (Note 15); and

(5) a pledge of a deposit with a carrying amount of CNY15.0 million (31 December 2022: Nil) as at 31 December 2023 (Note 22).

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

All borrowings are denominated in CNY.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

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

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

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

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

26. MINING RIGHT PAYABLES

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

Maturity of mining right payables is as follows:

	2023	2022
	CNY'000	CNY'000
Within one year or on demand	**43,783**	69,613
In the second year	**–**	7,800
In the third to fifth years, inclusive	**–**	15,600
	43,783	93,013

The mining right payables bear interest at a rate stipulated by the People's Bank of China from year to year. The interest rate for mining right payables for the year ended 31 December 2023 was 4.90% (2022: 4.90%).

27. DEFERRED INCOME

	2023 CNY'000	2022 CNY'000
At the beginning of the year	**15,706**	18,557
Additions	**–**	–
Amortised during the year	**(2,803)**	(2,851)
At the end of the year	**12,903**	15,706

Government grants of CNY21.7 million (2022: CNY13.2 million) have been recognised in the consolidated statement of profit or loss directly since there was no unfulfilled condition for the year ended 31 December 2023.

28. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations primarily relate to the closure of mines, which include 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	**14,763**
Accretion expenses	**1,027**
At 31 December 2023	**15,790**

The inflation rate, discount rate and market risk premium used for estimating the provision for asset retirement obligations were 2.00%, 6.99% and 6.09% for the year ended 31 December 2023 and were 2.00%, 6.99% and 6.09% for the year ended 31 December 2022 respectively.

29. SHARE CAPITAL

	2023 CNY'000	2022 CNY'000
Authorised:		
100,000,000,000 (2022: 100,000,000,000 ordinary shares of HK$0.001 each) ordinary shares of HK$0.001 each	**79,960**	79,960
Issued and fully paid:		
1,380,545,800 (2022: 1,380,545,800 ordinary shares of HK$0.001 each) ordinary shares of HK$0.001 each	**1,081**	1,081

30. SHARE OPTION SCHEME

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 having regard to the applicable requirements in relation to the vesting period and other matters in the Listing Rules.

30. SHARE OPTION SCHEME (continued)

The total number of the 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 the 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 the 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. As at the beginning of the year and the end of the year ended 31 December 2023, the total number of Shares in respect of which options may be granted under the Share Option Scheme was 138,054,580.

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 31 December 2023, no options were granted or agreed to be granted since the Date of Adoption (31 December 2022: Nil).

31. RESERVES

The amounts of the Group's reserves and movements therein for the reporting period are presented in the consolidated statement of changes in equity.

(a) Safety fund and production maintenance fund

The safety fund and production maintenance fund represent the safety production fund and the production maintenance fund, which are accrued based on production volume in accordance with the circular of the Ministry of Finance on enterprise safety production.

31. RESERVES (continued)

(b) Special reserves

The special reserves represent the equity-settled share option expense related to the coal business in 2010, prepaid listing expenses undertaken and paid by CHNR on behalf of the Group, the loss from the acquisition of non-controlling interests and the deemed contribution from a related party.

According to the notice from the Department of Natural Resources of Guizhou Province related to the deduction of resource quantity and calculation of mining rights price, as of 31 December 2023, the mining rights payable of Baiping Coal Mine have been fully offset by the mining rights of the three closed coal mines including Gouchang Coal Mine, Guojiawuji Coal Mine and Sanjiazhai Coal Mine. Due to the fact that Guojiawuji Coal Mine and Sanjiazhai Coal Mine are owned by Feishang Enterprise, the difference amounting to CNY9.3 million between mining rights payables of Baiping Coal Mine and mining rights of Gouchang Coal Mine amounting to CNY43.6 million was recognised as a deemed contribution from a related party.

32. COMMITMENTS

Capital commitments

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

	2023	2022
	CNY'000	CNY'000
Contracted, but not provided for		
– Construction and purchase of items of property, plant and equipment	**18,245**	15,081
– Capital contribution to the associates	**11,600**	11,600
	29,845	26,681

33. RELATED PARTY TRANSACTIONS

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

(a) Commercial transactions with related parties

Commercial transactions with related parties are summarised as follows:

	2023 **CNY'000**	2022 CNY'000
Payment of its share of office rental, rates and others to Anka Consultants Limited ("Anka") (i)/(ii)	**618**	639
Share of office rental to Feishang Enterprise (i)/(iii)	**166**	166

(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 2022, the Company and 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, the office premises of 119 square meters were shared by the Company, and 184 square meters were shared 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, Anka's lease with the unrelated landlord was extended for two years, from 1 July 2022 to 30 June 2024.

(iii) In September 2022, 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 for one year. Pursuant to the agreement, the office premises of 40 square metres were shared by the Company. In September 2023, the agreement expired, and Shenzhen Chixin signed the new contract with Feishang Enterprise for one year, from 1 October 2023 to 30 September 2024.

The Directors (including the independent non-executive Directors) are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms and in accordance with the agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The Company has complied with relevant provisions governing connected transactions under the Listing Rules to the extent applicable.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

	2023 CNY'000	2022 CNY'000
Wages, salaries and allowances	**4,657**	4,002
Contribution to pension plans	**102**	109
Housing funds	**79**	67
Welfare and other expenses	**50**	50
	4,888	4,228

Further details of the Directors' and chief executive's emoluments are included in Note 10 to the consolidated financial statements.

(c) Outstanding balances with related parties

The Group's payables with related parties, which are all unsecured, non-interest-bearing and have no fixed terms of repayment, are summarised as follows:

	2023 CNY'000	2022 CNY'000
Payables to the Shareholder:		
Feishang Group	**14,463**	12,359

	2023 CNY'000	2022 CNY'000
Payables to a related company:		
Feishang Enterprise (i)	**165,407**	144,686

	2023 CNY'000	2022 CNY'000
Lease liabilities due to a related company:		
Anka	**224**	665

(i) During the year ended 31 December 2023, the Group made advances from Feishang Enterprise CNY1,705.4 million (2022: CNY1,413.2 million) and repayments to Feishang Enterprise CNY1,791.3 million (2022: CNY1,535.5 million).

34. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Bijie Feishang Energy Co., Ltd. (畢節飛尚能源有限公司)	PRC/Chinese Mainland 19 October 2010	10,000	–	100	Investment holding
Guizhou Dayun Mining Co., Ltd. (貴州大運礦業有限公司)	PRC/Chinese Mainland 14 April 2004	300,000	–	100	Coal development and mining
Guizhou Fuyuantong Energy Co., Ltd. (貴州福源通能源有限公司)	PRC/Chinese Mainland 10 March 2010	10,000	–	100	Investment holding
Guizhou Nayong Dayuan Coal Mining Co., Ltd. (貴州納雍縣大圓煤業有限公司) *	PRC/Chinese Mainland 22 January 2009	46,000	–	100	Coal development and mining
Guizhou Puxin Energy Co., Ltd. (貴州浦鑫能源有限公司)	PRC/Chinese Mainland 15 January 2009	270,000	–	100	Investment holding and coal trading
Guizhou Yongfu Mining Co., Limited (貴州永福礦業有限公司)	PRC/Chinese Mainland 27 June 2005	100,000	–	70	Coal development and mining
Hong Kong Smartact Limited (香港英策有限公司)	Hong Kong 25 January 2010	–	100	–	Investment holding
Hainan Yangpu Dashi Industrial Co., Limited (海南洋浦大石實業公司)	PRC/Chinese Mainland 13 April 2004	1,000	–	100	Investment holding
Jinsha Baiping Mining Co., Ltd. (金沙縣白坪礦業有限公司)	PRC/Chinese Mainland 15 January 2009	58,000	–	70	Coal development and mining
Jinsha Juli Energy Co., Ltd. (金沙縣聚力能源有限責任公司)	PRC/Chinese Mainland 16 November 2012	30,000	–	100	Coal washing
Liuzhi Linjiaao Coal Mining Co., Ltd. (六枝特區林家岙煤業有限公司)	PRC/Chinese Mainland 19 November 2008	30,600	–	100	Coal development and mining
Liuzhi Xinsong Coal Mining Co., Ltd. (六枝特區新松煤業有限公司)	PRC/Chinese Mainland 13 November 2008	60,000	–	100	Coal development and mining
Nayong Gouchang Coal Mining Co., Ltd. (納雍縣狗場煤業有限公司)	PRC/Chinese Mainland 10 September 2009	40,000	–	99	Coal development and mining
Shenzhen Chixin Information and Consulting Co., Ltd. (深圳市馳鑫信息諮詢有限公司)	PRC/Chinese Mainland 18 July 2012	1,000	–	100	Provision of management and consulting services to other companies in the Group

34. PARTICULARS OF THE SUBSIDIARIES (continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Jinsha Xinyun Energy Co., Ltd. (金沙縣鑫運能源有限公司)	PRC/Chinese Mainland 11 May 2016	10,000	–	100	Coal washing
Jinsha Xinping Energy Co., Ltd. (金沙縣鑫坪能源有限公司)	PRC/Chinese Mainland 20 June 2017	10,000	–	100	Coal washing
Guizhou Feishang Mineral Resources Co., Ltd. (貴州飛尚工礦物資有限公司)	PRC/Chinese Mainland 8 December 2017	20,000	–	100	Provision of purchasing construction equipment services and consulting services to other companies in the Group

* Guizhou Nayong Dayuan Coal Mining Co., Ltd. was disposed of on 28 March 2022. Further details are in Note 4 to the financial statements.

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of CNY128.5 million (31 December 2022: CNY156.0 million) and factored certain bills receivable accepted by banks in Chinese Mainland with a carrying amount in aggregate of CNY230.3 million (31 December 2022: CNY228.1 million) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one month to one year at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the banks in Chinese Mainland default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has recognised finance cost on the date of transfer of the Derecognised Bills at an amount of CNY8.8 million (2022: CNY7.8 million) (Note 7). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Group endorsed certain bills receivable accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the year.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Designated as such upon initial recognition CNY'000	Debt investments CNY'000	CNY'000	CNY'000
Trade and bills receivables	–	3,354	5,962	9,316
Financial assets included in prepayments and other receivables	–	–	34,398	34,398
Pledged deposits	–	–	46,934	46,934
Cash and cash equivalents	–	–	10,107	10,107
	–	3,354	97,401	100,755

Financial liabilities

At 31 December 2023

	Financial liabilities at amortised cost CNY'000	Total CNY'000
Trade and bills payables	948,910	948,910
Financial liabilities in other payables and accruals	299,028	299,028
Interest-bearing bank and other borrowings – current	1,702,875	1,702,875
Interest-bearing bank and other borrowings – non-current	35,125	35,125
Lease liabilities	132,069	132,069
Mining right payables	43,783	43,783
Due to the Shareholder	14,463	14,463
Due to a related company	165,407	165,407
Interest payable	41,553	41,553
	3,383,213	3,383,213

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets

At 31 December 2022

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Designated as such upon initial recognition CNY'000	Debt investments CNY'000	CNY'000	CNY'000
Trade and bills receivables	–	8,816	73,226	82,042
Financial assets included in prepayments and other receivables	–	–	45,026	45,026
Pledged deposits	–	–	37,369	37,369
Financial assets at fair value through profit or loss	7,031	–	–	7,031
Cash and cash equivalents	–	–	24,713	24,713
	7,031	8,816	180,334	196,181

Financial liabilities

At 31 December 2022

	Financial liabilities at amortised cost CNY'000	Total CNY'000
Trade and bills payables	906,998	906,998
Financial liabilities in other payables and accruals	267,703	267,703
Interest-bearing bank and other borrowings – current	1,496,404	1,496,404
Interest-bearing bank and other borrowings – non-current	214,897	214,897
Lease liabilities	132,659	132,659
Mining right payables	93,013	93,013
Due to the Shareholder	12,359	12,359
Due to a related company	144,686	144,686
Interest payable	44,032	44,032
	3,312,751	3,312,751

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the reporting period, the carrying amounts of the Group's financial assets and liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments and other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and other liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or the interest rate is approximate to the discount rate of current market.

Fair value hierarchy

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

Assets measured at fair value

As at 31 December 2023	**Fair value measurement using**			
	Quoted prices in active markets (Level 1) CNY'000	**Significant observable inputs (Level 2) CNY'000**	**Significant unobservable inputs (Level 3) CNY'000**	**Total CNY'000**
Trade and bills receivables	**–**	**3,354**	**–**	**3,354**
Total	**–**	**3,354**	**–**	**3,354**

As at 31 December 2022	Fair value measurement using			
	Quoted prices in active markets (Level 1) CNY'000	Significant observable inputs (Level 2) CNY'000	Significant unobservable inputs (Level 3) CNY'000	Total CNY'000
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

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

Assets measured at fair value (continued)

The fair values of financial assets at fair value through profit or loss, with fair value measurements categorised within Level 2, are determined by reference to the present value valuation technique under the discounted cash flows approach and future cash flows estimated based on estimated return.

The fair values of bills receivables, with fair value measurements categorised within Level 2, are determined by discounted cash flows at a discount rate that reflect the credit risk of the drawee of notes at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Group primarily include cash and cash deposits, trade and bills receivables, certain other current assets, trade and bills payables, certain other liabilities, amounts due to related companies, interest-bearing bank and other borrowings and mining right payables.

The Group is exposed to credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
At 31 December 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	CNY'000	**CNY'000**	**CNY'000**	**CNY'000**	**CNY'000**
Trade and bills receivables*	3,354	–	–	59,198	62,552
Financial assets included in prepayments and other receivables					
– Normal**	40,157	–	–	–	40,157
– Doubtful**	–	–	6,107	–	6,107
Pledged deposits					
– Not yet past due	46,934	–	–	–	46,934
Cash and cash equivalents					
– Not yet past due	10,107	–	–	–	10,107
Total	100,552	–	6,107	59,198	165,857

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
At 31 December 2022	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
Trade and bills receivables*	8,816	–	–	126,727	135,543
Financial assets included in prepayments and other receivables					
– Normal**	45,026	–	–	–	45,026
– Doubtful**	–	–	2,746	–	2,746
Pledged deposits					
– Not yet past due	37,369	–	–	–	37,369
Financial assets at fair value through profit or loss					
– Not yet past due	7,031	–	–	–	7,031
Cash and cash equivalents					
– Not yet past due	24,713	–	–	–	24,713
Total	122,955	–	2,746	126,727	252,428

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging (continued)

Cash and cash deposits

The Group maintains its cash and cash deposits primarily with various PRC state-owned banks and Hong Kong-based financial institutions, which management believes are of high credit quality. The Group performs periodic evaluations of the relative credit standing of those financial institutions.

Trade receivables

The Group sells anthracite coal to companies in Chinese Mainland. Trade receivables are typically unsecured and are mainly derived from revenue earned from customers in Chinese Mainland. The risk with respect to trade receivables is mitigated by credit evaluations that the Group performs on its customers and its ongoing monitoring of outstanding balances. The Group provides impairment for trade receivables primarily based on the age of the balances and factors surrounding the customer's creditworthiness. Reversal of impairment of CNY0.3 million of trade receivables was made during the year ended 31 December 2023 (2022: Impairment of CNY0.1 million). As at 31 December 2023, receivables due from the five largest customers accounted for nil (31 December 2022: 2.4%) of the trade receivables.

Sales to the five largest customers accounted for 57.4% (2022: 53.0%) of the consolidated revenue for the year ended 31 December 2023. The five largest customers are all recognised and creditworthy third parties and their trading terms are mainly on payment in advance or with a credit period of one month. The Group expects the concentration of coal customers to subside once the production volume increases in the future.

Bills receivable

Bills receivable represent letters of credit obtained by customers of the Group to finance purchases which have been presented to banks for payment after delivery of goods to customers. As at 31 December 2023, the bills receivable balance was guaranteed by financial institutions. The bills receivable normally have terms of maturity of less than one year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

These financial statements are presented in CNY, which is the Company's presentation currency. The currency is not freely convertible into foreign currencies. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of the currency into foreign currencies. The value of the currency is subject to changes in PRC government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. All foreign exchange transactions continue to take place either through the People's Bank of China or other banks authorised to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The interest rate risk is closely monitored by the Group's senior management. As at 31 December 2023, the interest rates for 74.6% (31 December 2022: 60.2%) of the Group's interest-bearing debts were fixed. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of interest-bearing bank and other borrowings and mining right payables with floating interest rates except for interest which is capitalised. With all other variables held constant, the Group's (loss)/profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ (decrease) in basis points	**Decrease/ (increase) in profit/(loss) before tax**
		CNY'000
Year ended 31 December 2023	**100**	**3,293**
	(100)	**(3,293)**
Year ended 31 December 2022	100	4,780
	(100)	(4,780)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

The Group manages its liquidity risk by regularly monitoring its liquidity requirements and its compliance with debt covenants to ensure that it maintains sufficient cash and cash equivalents, and adequate time deposits to meet its liquidity requirements in the short and long term. Bank facilities, bank loan renewal and obtaining continuous financial support from Feishang Enterprise have been put in place for contingency purposes.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2023	**Less than 1 year CNY'000**	**1 to 5 years CNY'000**	**More than 5 years CNY'000**	**Total CNY'000**
Trade and bills payables	**948,910**	**–**	**–**	**948,910**
Other payables and accruals	**299,028**	**–**	**–**	**299,028**
Interest-bearing bank and other borrowings	**1,780,607**	**35,644**	**–**	**1,816,251**
Due to the Shareholder	**–**	**–**	**14,463**	**14,463**
Due to a related company	**–**	**–**	**165,407**	**165,407**
Mining right payables	**83,277**	**–**	**–**	**83,277**
Lease liabilities	**69,823**	**71,233**	**–**	**141,056**
	3,181,645	**106,877**	**179,870**	**3,468,392**

31 December 2022	Less than 1 year CNY'000	1 to 5 years CNY'000	More than 5 years CNY'000	Total CNY'000
Trade and bills payables	906,998	–	–	906,998
Other payables and accruals	267,703	–	–	267,703
Interest-bearing bank and other borrowings	1,570,112	236,559	–	1,806,671
Due to the Shareholder	–	–	12,359	12,359
Due to a related company	–	–	144,686	144,686
Mining right payables	113,645	31,240	–	144,885
Lease liabilities	98,762	57,836	–	156,598
	2,957,220	325,635	157,045	3,439,900

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group also relies on financial support from its controlling shareholder.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital on the basis of the debt to capital ratio (gearing ratio), which is calculated as an interest-bearing debt divided by total capital. An interest-bearing debt includes interest-bearing bank and other borrowings, mining right payables and lease liabilities. Capital includes total equity and an interest-bearing debt. The gearing ratios as at the end of the reporting periods were as follows:

	2023 **CNY'000**	2022 CNY'000
Interest-bearing debt	**1,913,852**	1,936,973
Total equity	**(1,058,522)**	(547,834)
Total capital	**855,330**	1,389,139
Gearing ratio	**223.8%**	139.4%

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group has two subsidiaries with material non-controlling interests ("NCI"). Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests:		
Baiping Mining	30%	30%
Guizhou Yongfu	30%	30%

	2023 CNY'000	2022 CNY'000
(Loss)/profit for the year allocated to non-controlling interests as disclosed in the consolidated financial statements:		
Baiping Mining	(15,391)	7,211
Guizhou Yongfu	(10,852)	40,749
Dividends paid to non-controlling interests of Baiping Mining and Guizhou Yongfu	–	–
Accumulated balances of non-controlling interests at the reporting date as disclosed in the consolidated financial statements:		
Baiping Mining	15,972	30,097
Guizhou Yongfu	208,528	219,380

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed include the consolidation adjustments but are before any inter-company eliminations:

2023

	Baiping Mining CNY'000	**Guizhou Yongfu CNY'000**
Revenue	**119,325**	**206,693**
Cost of sales	**(124,021)**	**(160,492)**
Total expenses	**(46,610)**	**(82,369)**
Loss for the year	**(51,306)**	**(36,168)**
Total comprehensive loss for the year	**(51,306)**	**(36,168)**
Current assets	**658,535**	**1,454,600**
Non-current assets	**586,132**	**1,056,674**
Current liabilities	**1,104,996**	**1,681,744**
Non-current liabilities	**86,431**	**134,437**
Net cash flows used in operating activities	**(27,803)**	**(145,221)**
Net cash flows used in investing activities	**(81,757)**	**(9,412)**
Net cash flows from financing activities	**105,687**	**144,351**
Net decrease in cash and cash equivalents	**(3,873)**	**(10,282)**

2022

	Baiping Mining CNY'000	Guizhou Yongfu CNY'000
Revenue	292,117	536,433
Cost of sales	(197,139)	(286,024)
Total expenses	(70,938)	(114,574)
Profit for the year	24,040	135,835
Total comprehensive income for the year	24,040	135,835
Current assets	620,739	1,535,435
Non-current assets	539,404	961,739
Current liabilities	977,215	1,674,350
Non-current liabilities	82,606	91,559
Net cash flows from operating activities	116,230	451,818
Net cash flows used in investing activities	(22,665)	(103,768)
Net cash flows used in financing activities	(81,559)	(286,983)
Net increase in cash and cash equivalents	12,006	61,067

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of CNY114.2 million and CNY114.2 million, respectively, in respect of lease arrangements for property, plant and equipment (2022: CNY65.9 million and CNY65.9 million).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings CNY'000	Lease liabilities CNY'000	Due to a related company CNY'000	Due to the Shareholder CNY'000
At 1 January 2023	**1,711,301**	**132,659**	**144,686**	**12,359**
Changes from financing cash flows	**26,699**	**(114,756)**	**(85,880)**	**2,104**
New leases	**–**	**114,166**	**–**	**–**
Interest expense	**–**	**6,302**	**–**	**–**
Interest paid classified as operating cash flows	**–**	**(6,302)**	**–**	**–**
Others	**–**	**–**	**106,601**	**–**
At 31 December 2023	**1,738,000**	**132,069**	**165,407**	**14,463**

	Interest-bearing bank and other borrowings CNY'000	Lease liabilities CNY'000	Due to a related company CNY'000	Due to the Shareholder CNY'000
At 1 January 2022	1,894,762	178,087	233,278	6,521
Changes from financing cash flows	(183,461)	(111,292)	(122,239)	5,838
New leases	–	65,864	–	–
Interest expense	–	10,581	–	–
Interest paid classified as operating cash flows	–	(10,581)	–	–
Others	–	–	33,647	–
At 31 December 2022	1,711,301	132,659	144,686	12,359

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

	2023	2022
	CNY'000	CNY'000
Within operating activities	**7,523**	11,446
Within investing activities	**–**	–
Within financing activities	**114,756**	111,292
	122,279	122,738

41. CONTINGENCIES

Provision of the corporate guarantee

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

The Group has not recognised liabilities for the above guarantee as at 31 December 2023 because the Directors consider that the possibility of an outflow of resources embodying economic benefits is remote.

42. EVENTS AFTER THE REPORTING PERIOD

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

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

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

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 CNY'000	2022 CNY'000
NON-CURRENT ASSETS		
Property and equipment	12	17
Right-of-use assets	219	694
TOTAL NON-CURRENT ASSETS	231	711
CURRENT ASSETS		
Due from a subsidiary	145,569	141,800
Cash and cash equivalents	61	573
TOTAL CURRENT ASSETS	145,630	142,373
TOTAL ASSETS	145,861	143,084
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Other payables and accruals	1,336	291
Lease liabilities	506	550
TOTAL CURRENT LIABILITIES	1,842	841
NON-CURRENT LIABILITIES		
Lease liabilities	–	202
Due to the Shareholder	14,461	12,359
TOTAL NON-CURRENT LIABILITIES	14,461	12,561
TOTAL LIABILITIES	16,303	13,402
EQUITY		
Share capital (Note 29)	1,081	1,081
Reserves	128,477	128,601
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	129,558	129,682
TOTAL EQUITY	129,558	129,682
TOTAL LIABILITIES AND EQUITY	145,861	143,084

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's equity movements is as follows:

	Share capital CNY'000	Share premium account CNY'000	Accumulated losses CNY'000	Exchange fluctuation reserve CNY'000	Total CNY'000
At 1 January 2022	1,081	204,524	(89,672)	6,049	121,982
Loss for the year	–	–	(2,354)	–	(2,354)
Foreign currency translation adjustments	–	–	–	10,054	10,054
Total comprehensive income for the year	–	–	(2,354)	10,054	7,700
At 31 December 2022 and 1 January 2023	**1,081**	**204,524**	**(92,026)**	**16,103**	**129,682**
Loss for the year	**–**	**–**	**(3,565)**	**–**	**(3,565)**
Foreign currency translation adjustments	**–**	**–**	**–**	**3,441**	**3,441**
Total comprehensive loss for the year	**–**	**–**	**(3,565)**	**3,441**	**(124)**
At 31 December 2023	**1,081**	**204,524**	**(95,591)**	**19,544**	**129,558**

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

SUMMARY OF MINE PROPERTIES

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

	Commercial Production				Discontinued Operations	
Mine	**Baiping Coal Mine**	**Yongsheng Coal Mine**	**Dayun Coal Mine**	**Liujiaba Coal Mine** (Note 3)	**Dayuan 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	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	100%	99%
Date of initial commercial production	June 2009	February 2014	July 2015	December 2012	November 2013	n/a
Reserve data (as of 31 July 2013) (Note 4)						
Proved reserve (million tonnes)	3.44	3.77	12.50	2.08	n/a	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	11.52	n/a	n/a
Total proved and probable reserve (million tonnes)	**22.48**	**51.96**	**97.29**	**13.60**	**n/a**	**n/a**
Average Coal Quality of Raw Coal						
Moisture (%)	2.47	2.28	2.40	1.38	n/a	n/a
Ash (%)	19.04	17.95	18.27	25.03	n/a	n/a
Volatile Matter (%)	9.88	11.72	9.20	12.57	n/a	n/a
Sulfur (%)	2.35	1.27	2.12	2.30	n/a	n/a
Heating Value (MJ/kg)	28.33	28.62	28.03	23.95	n/a	n/a
Density (tonnes/m^3)	1.45	1.43	1.49	1.49	n/a	n/a
Reserve data (as of 31 December 2023) (Note 5)						
Proved reserve (million tonnes)	0.04	–	6.64	–	n/a	n/a
Probable reserve (million tonnes)	19.04	43.60	84.79	10.10	n/a	n/a
Total proved and probable reserve (million tonnes)	**19.08**	**43.60**	**91.43**	**10.10**	**n/a**	**n/a**
Capital expenditure for the year ended 31 December 2023 (CNY in millions)	44.2	97.7	115.8	–	n/a	n/a
Output – Commercial run for the year ended 31 December 2023 (million tonnes)	0.42	0.42	0.72	0.47	n/a	n/a

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 has been utilised by Baiping Coal Mine in 2023.

(2) Operations have been suspended at Dayuan Coal Mine since June 2014 pending the passing of verification and acceptance procedures conducted by the Nayong County Administration Bureau of Work Safety. The Group's original plan to acquire a nearby coal mine to achieve the consolidation of Dayuan Coal Mine was suspended in 2016. On 24 May 2019, Guizhou Puxin entered into an equity transfer agreement with Baoshun (an independent third party), to dispose its entire equity interest in Guizhou Dayuan. Up to 31 December 2021, the transaction was not yet completed. On 28 March 2022, Guizhou Puxin's entire equity interest and mining right in Guizhou Dayuan were transferred to Baoshun and the disposal of Guizhou Dayuan was completed.

(3) 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.

(4) 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.

(5) The reserve data as of 31 December 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 December 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 have not been materially changed and are continued to apply to the reserve data as of 31 December 2023 (except those of Gouchang Coal Mine and Dayuan Coal Mine).

(6) There was no exploration activity for the Group during 2023.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
		(Restated)			
Continuing Operations					
Revenue	**990,786**	1,603,197	1,121,004	1,013,074	1,149,726
Cost of sales	**(758,332)**	(942,674)	(722,218)	(715,638)	(832,580)
Gross profit	**232,454**	660,523	398,786	297,436	317,146
Selling and distribution expenses	**(99,744)**	(118,478)	(106,479)	(106,535)	(116,417)
Administrative expenses	**(165,104)**	(160,604)	(133,921)	(139,882)	(135,332)
(Impairment losses)/reversal of impairment losses on financial assets, net	**(4,434)**	(2,745)	1,961	(7,406)	(618)
Impairment losses on property, plant and equipment	**(262,726)**	–	–	(246,184)	–
Other operating expenses, net	**(48,517)**	(94,397)	(42,964)	(21,717)	(31,745)
Finance costs	**(142,590)**	(152,638)	(161,567)	(164,832)	(92,074)
Interest income	**2,052**	575	1,909	2,747	775
Share of profit and loss of associates	**–**	(157)	(239)	(1,478)	(34)
(Loss)/profit before income tax	**(488,609)**	132,079	(42,514)	(387,851)	(58,299)
Income tax	**(30,463)**	(58,134)	(50,376)	40,918	(17,536)
(Loss)/profit for the year	**(519,072)**	73,945	(92,890)	(346,933)	(75,835)
(Loss)/profit attributable to owners of the parent	**(492,829)**	25,985	(110,284)	(345,887)	(97,054)
Discontinued Operations					
(Loss)/profit for the year	**(594)**	27,115	(3,570)	(10,221)	(6,596)
(Loss)/profit attributable to owners of the parent	**(589)**	27,122	(3,559)	(10,213)	(6,588)
Total (loss)/profit for the year	**(519,666)**	101,060	(96,460)	(357,154)	(82,431)
Basic (loss)/earnings per share (CNY per share)	**(0.36)**	0.04	(0.08)	(0.26)	(0.07)

	As at 31 December				
	2023	2022	2021	2020	2019
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
		(Restated)			
Assets and Liabilities					
Current assets	**241,709**	294,397	418,745	524,619	492,354
Non-current assets	**2,864,171**	3,023,615	2,947,699	2,882,383	3,130,759
Current liabilities	**3,779,197**	3,306,133	3,315,106	1,862,023	2,121,500
Non-current liabilities	**385,205**	559,688	699,412	2,096,802	1,696,445
Total equity	**(1,058,522)**	(547,809)	(648,074)	(551,823)	(194,832)