FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 1738)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

- Revenue down 40.5% to CNY103.1 million
- Gross profit down 83.9% to CNY7.9 million
- Loss attributable to the owners of the Company from continuing operations up 213.4% to CNY388.1 million
- Basic loss per share from continuing operations was CNY0.28

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2015 (the "**Reporting Period**"), together with the comparative figures, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June **2015** *CNY'000* **(Unaudited)**	2014 *CNY'000* (Unaudited) (Restated)
CONTINUING OPERATIONS			
Revenue	*5*	**103,136**	173,339
Cost of sales		**(95,265)**	(124,523)
Gross profit		**7,871**	48,816
Selling and distribution expenses		**(3,470)**	(4,185)
Administrative expense		**(40,023)**	(43,443)
Write-down of inventories to net realisable value		**(1,258)**	–
Impairment loss on property, plant and equipment	*7,11*	**(383,615)**	(66,397)
Other operating expenses		**(833)**	(7)
OPERATING LOSS		**(421,328)**	(65,216)
Finance costs	*6*	**(64,029)**	(74,795)
Interest income		**437**	144
Non-operating expenses, net		**(761)**	(195)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	*7*	**(485,681)**	(140,062)
Income tax benefit	*8*	**90,099**	17,069
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(395,582)**	(122,993)
DISCONTINUED OPERATIONS			
LOSS BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS		**(27,911)**	(1,219)
Income tax benefit/(expense) from discontinued operations		**2,096**	(326)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS		**(25,815)**	(1,545)
LOSS FOR THE PERIOD		**(421,397)**	(124,538)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
		2015	2014
	Notes	***CNY'000***	*CNY'000*
		(Unaudited)	(Unaudited)
			(Restated)
ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations	*9*	**(388,101)**	(123,828)
From discontinued operations	*4,9*	**(25,557)**	(1,530)
		(413,658)	(125,358)
Non-controlling interests			
From continuing operations		**(7,481)**	835
From discontinued operations	*4*	**(258)**	(15)
		(7,739)	820
		(421,397)	(124,538)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Basic (CNY per share)			
– For loss from continuing operations	*9*	**(0.28)**	(0.10)
– For loss from discontinued operations	*9*	**(0.02)**	(0.00)
– Net loss per share		**(0.30)**	(0.10)
Diluted (CNY per share)			
– For loss from continuing operations	*9*	**(0.28)**	(0.10)
– For loss from discontinued operations	*9*	**(0.02)**	(0.00)
– Net loss per share		**(0.30)**	(0.10)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(421,397)**	(124,538)
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	**872**	536
Total other comprehensive income for the period, net of tax	**872**	536
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(420,525)**	(124,002)
ATTRIBUTABLE TO:		
Owners of the Company		
From continuing operations	**(387,229)**	(123,292)
From discontinued operations	**(25,557)**	(1,530)
	(412,786)	(124,822)
Non-controlling interests		
From continuing operations	**(7,481)**	835
From discontinued operations	**(258)**	(15)
	(7,739)	820
	(420,525)	(124,002)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	**30 June 2015** *CNY'000* **(Unaudited)**	31 December 2014 *CNY'000* (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,259,454**	2,603,568
Rehabilitation fund		**21,545**	31,162
Available for sale investments		**40,313**	–
Prepayments, deposits and other receivables		**96,915**	104,058
Deferred tax assets	*8*	**37,787**	28,576
TOTAL NON-CURRENT ASSETS		**2,456,014**	2,767,364
CURRENT ASSETS			
Inventories		**29,645**	17,503
Trade and bills receivables	*12*	**121,182**	99,366
Corporate income tax refundable		**33,796**	28,533
Prepayments, deposits and other receivables		**24,704**	28,399
Pledged and restricted time deposits		**70,000**	9,674
Cash and cash equivalents		**73,279**	270,140
TOTAL CURRENT ASSETS		**352,606**	453,615
TOTAL ASSETS		**2,808,620**	3,220,979
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*13*	**278,460**	203,101
Other payables and accrued liabilities		**155,588**	117,810
Interest-bearing bank and other borrowings	*14*	**509,622**	1,110,007
Interest payable		**17,101**	16,176
Mining rights payables		**22,368**	33,074
TOTAL CURRENT LIABILITIES		**983,139**	1,480,168

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2015

	Notes	**30 June 2015** *CNY'000* **(Unaudited)**	31 December 2014 *CNY'000* (Audited)
NON-CURRENT LIABILITIES			
Due to a related company		**1,237,412**	579,836
Interest-bearing bank and other borrowings	*14*	**711,631**	762,371
Interest payable		**8,675**	11,844
Deferred tax liabilities	*8*	**101,464**	187,834
Mining rights payables		**21,412**	33,074
Deferred income		**1,970**	–
Asset retirement obligations		**9,456**	9,019
TOTAL NON-CURRENT LIABILITIES		**2,092,020**	1,583,978
TOTAL LIABILITIES		**3,075,159**	3,064,146
EQUITY			
Issued capital		**1,081**	1,081
Reserves		**(348,158)**	66,178
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(347,077)**	67,259
NON-CONTROLLING INTERESTS		**80,538**	89,574
TOTAL EQUITY		**(266,539)**	156,833
TOTAL LIABILITIES AND EQUITY		**2,808,620**	3,220,979

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1 CORPORATE INFORMATION

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

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

CHNR's principal shareholder is Feishang Group Limited ("**Feishang**" or the "**controlling shareholder**"), a company incorporated in the BVI. Mr. LI Feilie, the director and beneficial owner of Feishang, is the chairman and chief executive officer of the Company. In the opinion of the Directors, the ultimate holding company of the Company is Laitan Investments Limited, a company incorporated in the BVI.

The Company is an investment holding company. During the Reporting Period, the Company's subsidiaries were engaged in the acquisition, construction and development of anthracite coal mines and extraction and sale of thermal and anthracite coal ("**Coal Segment**"), as well as the operations of wide frequency band microwave digital terrestrial TV broadcasting ("**Terrestrial TV Broadcasting Segment**").

As at 30 June 2015, the Group had net current liabilities of CNY630.5 million (31 December 2014: CNY1,026.6 million) and total assets less current liabilities of CNY1,825.5 million (31 December 2014: CNY1,740.8 million).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

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

Except as described below, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the Reporting Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

Comparative information

Certain items in the interim condensed consolidated financial statements have been restated due to the presentation of discontinued operations, further summary details of which are included in note 4 below.

<u>Significant accounting policies</u>

In the Reporting Period, the Group has applied, for the first time, the following revised International Financial Reporting Standards ("**IFRSs**") issued by IASB:

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs

Save as discussed below, the application of the above revised IFRSs in the Reporting Period has had no material effect on the amounts reported in these interim condensed consolidated financial statements and/or disclosures set out in these interim condensed consolidated financial statements.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the Reporting Period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

Going concern

As at 30 June 2015, the Group had a working capital deficiency of CNY630.5 million and undrawn loan facilities totalling CNY210.0 million available to finance its future operations. Subsequent to the end of the Reporting Period, the Group has secured additional loan facilities as at 31 August 2015 totalling CNY19.3 million. The Group will also enter into loan renewal discussions with the banks in due course and has, at this stage, not sought any written commitment that the loan facilities will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

In the opinion of the Directors, the Group's forecasts and projections, after taking account of reasonably possible changes in trading performance, operating as well as capital expenditure, the available bank facilities and the continuous financial support from Feishang, support the Group's ability to continue to operate within the level of its current capacity and that the Group is expected to have sufficient liquidity to finance its operations for the next twelve months. Therefore, the financial statements have been prepared on a going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

3. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the Directors are determined according to the Group's major product and service lines.

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

- Coal Segment
- Terrestrial TV Broadcasting Segment

Prior to 30 June 2015, the Group had only one operating segment: Coal Segment. On 30 June 2015, the Company completed the acquisition of Hongkong Madia Investment Manage Co., Ltd. ("**Hongkong Madia**"). Since then the Company started the terrestrial TV broadcasting business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	For the six months ended and as at 30 June 2015 (Unaudited)		
	Coal Segment *CNY'000*	**Terrestrial TV Broadcasting Segment** *CNY'000*	**Total** *CNY'000*
Segment revenue from continuing operations*			
Sales to external customers	**103,136**	**–**	**103,136**
Segment results from continuing operations*	**(482,233)**	**–**	**(482,233)**
Reconciliation of segment results:			
Segment results			**(482,233)**
Corporate and other unallocated expense			**(3,448)**
Loss before income tax			**(485,681)**
Segment assets	**2,739,622**	**40,323**	**2,779,945**
Reconciliation:			
Corporate and other unallocated assets			**28,675**
Total assets			**2,808,620**
Segment liabilities	**3,030,445**	**16**	**3,030,461**
Reconciliation:			
Corporate and other unallocated liabilities			**44,698**
Total liabilities			**3,075,159**
Other segment information of continuing operations*			
Depreciation and amortisation	**56,351**	**–**	**56,351**
Capital expenditure**	**160,145**	**–**	**160,145**

* For the purpose of presentation, the revenue, results and other segment information from discontinued operations are not included in this note, the details of which are disclosed in note 4.

** Capital expenditure consists of cash paid for the additions to property, plant and equipment and intangible assets.

	Coal Segment *CNY'000*	Terrestrial TV Broadcasting Segment *CNY'000*	Total *CNY'000*
For the six months ended 30 June 2014 (Unaudited)			
Segment revenue from continuing operations*			
Sales to external customers	173,339	–	173,339
Segment results from continuing operations*	(136,479)	–	(136,479)
Reconciliation of segment results:			
Segment results			(136,479)
Corporate and other unallocated expense			(3,583)
Loss before income tax			(140,062)
As at 31 December 2014 (Audited)			
Segment assets	3,068,897	–	3,068,897
Reconciliation:			
Corporate and other unallocated assets			152,082
Total assets			3,220,979
Segment liabilities	3,058,764	–	3,058,764
Reconciliation:			
Corporate and other unallocated liabilities			5,382
Total liabilities			3,064,146
For the six months ended 30 June 2014 (Unaudited)			
Other segment information of continuing operations*			
Depreciation and amortisation	34,575	–	34,575
Capital expenditure**	166,382	–	166,382

* For the purpose of presentation, the revenue, results and other segment information from discontinued operations are not included in this note, the details of which are disclosed in note 4.

** Capital expenditure consists of cash paid for the additions to property, plant and equipment and intangible assets.

Geographic information

Non-current assets

	Group	
	30 June 2015	31 December 2014
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Mainland China	**2,415,701**	2,767,364

The non-current asset information above is based on the locations of the assets and excludes available for sale investments.

Information about major customers

During the Reporting Period, sales derived from four largest customers accounted for 33.0%, 28.3%, 12.2% and 11.0% of the consolidated revenue, respectively. During the six months ended 30 June 2014, sales derived from two largest customers accounted for 25.3% and 24.0% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATIONS

Gouchang Coal Mine is a coal mine located in Guizhou Province, the People's Republic of China ("**PRC**"), which is wholly-owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operations of Gouchang Coal Mine had been suspended since March 2013 pending on 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. However, in view of the bleak outlook of the coal industry in Mainland China, the Company considered that the resumption of Gouchang Coal Mine was unlikely to bring in promising returns to the Group after considering the acquisition cost of the nearby coal mine and subsequent capital investment. The Group therefore has planned to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou Province's coal mine consolidation policy. In the first half of 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations in preparing the interim condensed consolidated statement of profit or loss.

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

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Administrative expense	**(5,761)**	(1,166)
Write-down of inventories to net realisable value	**(551)**	–
Impairment loss on property, plant and equipment	**(21,556)**	–
OPERATING LOSS	**(27,868)**	(1,166)
Finance costs	**(43)**	(43)
Non-operating expense, net	**–**	(10)
LOSS BEFORE INCOME TAX	**(27,911)**	(1,219)
Income tax benefit/(expense)	**2,096**	(326)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**(25,815)**	(1,545)
Attributable to:		
Owners of the Company	**(25,557)**	(1,530)
Non-controlling interests	**(258)**	(15)
	(25,815)	(1,545)

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

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Operating activities	**(898)**	(1,175)
Investing activities	**–**	–
Financing activities	**863**	917
Net cash outflow	**(35)**	(258)

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

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company from discontinued operations	**(25,557)**	(1,530)
Weighted average number of ordinary shares ('000 shares) in issue during the period used in the basic loss per share calculation	**1,380,546**	1,245,546
Weighted average number of ordinary shares ('000 shares) used in the diluted loss per share calculation	**1,380,546**	1,245,546
Loss per share (CNY per share):		
Basic, from discontinued operations	**(0.02)**	(0.00)
Diluted, from discontinued operations	**(0.02)**	(0.00)

On 29 May 2015, the general meeting of the Company approved the share subdivision of each issued and unissued share of HK$0.01 each in the share capital of the Company into ten subdivided shares of HK$0.001 each ("**Share Subdivision**"). The weighted average number of ordinary shares for the six months ended 30 June 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

5. REVENUE

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

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on interest-bearing bank and other borrowings	**64,730**	76,124
Interest on payables for mining rights	**(501)**	2,444
Total interest expense	**64,229**	78,568
Less: capitalised interest	**(4,967)**	(9,733)
Bank charges	**3,887**	5,345
Entrusted loan commission fee	**–**	222
Foreign exchange loss	**448**	–
Accretion expenses	**432**	393
	64,029	74,795

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
		(Restated)
Crediting:		
Interest income on bank deposits	**437**	144
Charging:		
Cost of inventories sold[(a)]	**67,197**	89,059
Price adjustment fund	**–**	5,169
Sales tax and surcharge	**6,721**	8,433
Utilisation of safety fund and production maintenance fund	**21,347**	21,862
Cost of sales	**95,265**	124,523
Employee benefit expenses	**47,970**	52,672
Depreciation, depletion and amortisation:		
– Property, plant and equipment	**56,351**	34,575
Impairment of property, plant and equipment	**383,615**	66,397
Write-down of inventories to net realisable value	**1,258**	–
Repairs and maintenance	**492**	718
Losses arising from temporary suspension of production[(b)]	**751**	3,161

(a) Included in the cost of inventories sold are CNY49.5 million for the Reporting Period (six months ended 30 June 2014: CNY57.5 million) relating to employee benefit expenses, and depreciation, depletion and amortisation, and these amounts are also included in the respective amounts disclosed separately above for each type of expense.

(b) The amount mainly represented the overhead costs incurred during the period of temporary suspension of production implemented by the local governments for inspections as well as the suspension of production in Gouchang Coal Mine according to Guizhou Province's coal mine consolidation policy issued in March 2013. Moreover, since June 2014, Liujiaba, Zhulinzhai and Dayuan Coal Mines suspended production to carry out rectification or improvement of certain safety deficiencies so as to ensure their mining operations are in compliance with the requisite safety standards and other conditions required by 六枝特區安全生產監督管理局 (Liuzhi Special District Administration Bureau of Work Safety*) and 納雍縣安全生產監督管理局 (Nayong County Administration Bureau of Work Safety*) in the PRC.

* For identification purpose only

8. INCOME TAX AND DEFERRED TAX

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current – Mainland China	**3,386**	6,080
Deferred – Mainland China	**(93,485)**	(23,149)
	(90,099)	(17,069)

The Company was incorporated in BVI and conducts its primary business through its subsidiaries in the PRC for the Reporting Period. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. Hong Kong Profits Tax rate is 16.5% during the Reporting Period. The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced incomes. The latter is not subject to Hong Kong Profits Tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong Profits Tax was made as such operation sustained tax losses during the Reporting Period. The PRC subsidiaries' statutory corporate income tax rate is 25%.

The Group's major deferred tax assets and deferred tax liabilities are as follows:

	At 30 June	At 31 December
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Deferred tax assets		
Accrued liabilities and other payables	**4,880**	5,664
Capitalised pilot run income	**18,062**	18,923
Tax losses	**32,601**	35,816
Depreciation and fair value adjustment of property, plant and equipment	**14,090**	9,706
Others	**924**	776
	70,557	70,885
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment	**(134,234)**	(230,143)
Net deferred tax liabilities	**(63,677)**	(159,258)
Classification in the consolidated statements of financial position:		
Deferred tax assets	**37,787**	28,576
Deferred tax liabilities	**(101,464)**	(187,834)

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.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 30 June	
	2015	2014
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss for the period attributable to owners of the Company:		
From continuing operations	**(388,101)**	(123,828)
From discontinued operations	**(25,557)**	(1,530)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,245,546
Diluted	**1,380,546**	1,245,546
Loss per share attributable to owners of the Company (CNY per share):		
Basic		
From continuing operations	**(0.28)**	(0.10)
From discontinued operations	**(0.02)**	(0.00)
Diluted		
From continuing operations	**(0.28)**	(0.10)
From discontinued operations	**(0.02)**	(0.00)

On 29 May 2015, the general meeting of the Company approved the share subdivision of each issued and unissued share of HK$0.01 each in the share capital of the Company into ten subdivided shares of HK$0.001 each. The weighted average number of ordinary shares for the six months ended 30 June 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

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

10. DIVIDEND

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

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress amounted to CNY44.1 million (six months ended 30 June 2014: CNY17.7 million) and CNY73.3 million (six months ended 30 June 2014: CNY99.9 million), respectively.

As at 30 June 2015, certain mining rights with a carrying amount of CNY721.2 million (31 December 2014: CNY984.5 million) were pledged to secure bank loans with a carrying amount of CNY685.5 million (31 December 2014: CNY718.8 million).

As at 30 June 2015, certain buildings with a carrying amount totalling CNY76.0 million were without title certificates. The Group has obtained the relevant confirmation letters issued by the local authorities confirming that they will not impose any penalties in connection with the construction of these buildings, and that the Group may continue to use these buildings in accordance with the current uses. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2015.

Interest expenses of CNY5.0 million (six months ended 30 June 2014: CNY9.7 million) arising from borrowings attributable to the construction of property, plant and equipment were capitalised at an annual rate of 5.25% to 8.00% (six months ended 30 June 2014: 6.00% to 8.52%) and were included in "additions" to construction in progress and mining rights during the Reporting Period.

The operations of Gouchang Coal Mine had been suspended since March 2013 pending on 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 decided to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou Province's coal mine consolidation policy. In the first half of 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results in 2015 have been reclassified to discontinued operations in preparing the interim condensed consolidated statement of profit or loss. Gouchang Coal Mine was designated as a single cash generating unit ("**CGU**"). The Directors determined the recoverable amounts of Gouchang Coal Mine by establishing its fair-value-less-costs-of-disposal ("**FVLCD**") of the assets which can be further utilized in other coal mines.

Operations have been suspended at Liujiaba, Zhulinzhai and Dayuan Coal Mines since June 2014 to carry out rectification or improvement of certain safety deficiencies so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions required by relevant Administration Bureau of Work Safety. Each of the coal mines was designated as a single CGU. The carrying value of the long-term assets was compared to the recoverable amount of the CGU, which was based predominantly on the FVLCD. FVLCD calculations use pre-tax cash flow projections. Other key assumptions applied in the impairment tests include the production volume, expected coal price, coal product mix, product cost and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of 12.41% for the Reporting Period (six months ended 30 June 2014: 13.12%) that reflects specific risks related to CGU as discount rates.

For the Reporting Period, impairment loss for property, plant and equipment of CNY405.2 million (six months ended 30 June 2014: CNY66.4 million) was recognised in profit or loss due to the decline in long-term coal price and suspension of certain coal mines' operations, among which CNY21.6 million was recognized for Gouchang Coal Mine in the loss from discontinued operations.

12. TRADE AND BILLS RECEIVABLES

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Trade receivables	**117,311**	95,651
Less: provision for impairment	**59**	–
	117,252	95,651
Bills receivable	**3,930**	3,715
	121,182	99,366

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

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
At the beginning of the period/year	**–**	–
Impairment losses recognised	**59**	–
At the end of the period/year	**59**	–

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of CNY0.06 million (31 December 2014: Nil) with a carrying amount before provision of CNY0.06 million (31 December 2014: Nil) as at 30 June 2015.

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

Trade receivables of CNY11.4 million (31 December 2014: Nil) were pledged as security for short-term loans of CNY9.6 million as at 30 June 2015.

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

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Within 3 months	**82,582**	76,271
3 to 6 months	**14,139**	4,544
6 to 12 months	**17,492**	13,845
Over 12 months	**3,039**	991
	117,252	95,651

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

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Neither past due nor impaired	**82,582**	76,271
Within one year past due	**31,691**	18,654
More than one year past due	**2,979**	726
Trade receivables, net	**117,252**	95,651

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

13. TRADE AND BILLS PAYABLES

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Trade payables	**208,326**	198,427
Bills payable	**70,134**	4,674
	278,460	203,101

The aged analysis of trade payables is as follows:

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Within one year	**165,330**	189,775
More than one year	**42,996**	8,652
	208,326	198,427

Bills payable are bills of exchange with maturity of less than one year. Time deposits of CNY70.0 million (31 December 2014: CNY9.7 million) were pledged to secure the bank bills as at 30 June 2015.

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2015 *CNY'000* **(Unaudited)**	At 31 December 2014 *CNY'000* (Audited)
Current		
Bank and other borrowings – guaranteed	**174,600**	255,000
Bank and other borrowings – secured and guaranteed	**40,000**	–
Current portion of long term bank and other borrowings – secured and guaranteed	**233,852**	239,007
Current portion of long term bank and other borrowings – guaranteed	**22,570**	386,000
Current portion of long term bank and other borrowings – unsecured	**38,600**	–
Bank and other borrowings- unsecured	**–**	230,000
	509,622	1,110,007
Non-current		
Bank and other borrowings – guaranteed	**150,000**	94,000
Bank and other borrowings – secured and guaranteed	**411,631**	479,771
Bank and other borrowings – unsecured	**150,000**	188,600
	711,631	762,371
	1,221,253	1,872,378

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 CNY721.2 million (31 December 2014: CNY984.5 million) as at 30 June 2015;

2) Pledges over the Company's equity interest in Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**") and Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**") as at 30 June 2015 and 31 December 2014; and

3) Pledges over the trade receivables in Guizhou Puxin with a carrying amount of CNY11.4 million (31 December 2014: Nil) as at 30 June 2015.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY708.5 million (31 December 2014: CNY989.0 million) as at 30 June 2015. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to CNY893.5 million (31 December 2014: CNY1,274.0 million) as at 30 June 2015.

All borrowings are denominated in CNY.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2015, the economic recession in China deepened. According to the National Bureau of Statistics of China, the year-on-year GDP growth rate in the first half of 2015 was 7.0%, representing a 0.4 percentage point decrease from the same period of last year. The macroeconomic slowdown as well as other factors such as increasing effort to adjust the national energy composition and a warm winter all contributed to a sluggish coal demand from downstream industries and a further deterioration in the coal sector. The severe condition of oversupply in the coal market and the trend of deep industry adjustment continued, resulting in continuous and substantial price drop throughout the first half of the year. As of 30 June 2015, the Bohai-Rim Steam-Coal Price Index (BSPI) dropped to CNY418 per tonne from CNY525 per tonne at the end of 2014, representing a 20.4% decline. The total domestic coal output and consumption experienced a year-on-year decrease, and coal import also decreased significantly. Thermal power generation experienced a year-on-year decrease, while its hydropower counterpart increased considerably. The overall coal industry in China suffered from a combination of decreased sales volume and descending prices and thereby a substantial fall in profit levels and an expanding scale of loss.

The hostile external environment as well as some undesirable mine conditions put the Group into a position with a sharp decline on gross profit for the Reporting Period. The Group incurred an impairment loss on property, plant and equipment in connection with the suspension of the operations at its Gouchang Coal Mine. The Group has planned to either dispose of Gouchang Coal Mine or have it suspended/closed until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou province's coal mine consolidation policy. In addition, an impairment loss for Liujiaba, Zhulinzhai and Dayuan coal mines has been provided due to (i) the temporary suspension as required by the local regulatory authorities to carry out rectification or improvement of certain safety deficiencies so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions (including merger & restructuring of coal mines under the Guizhou Government's coal mine consolidation policy); and (ii) the current descending coal prices and weak coal industry in China.

In response to the deep adjustment of the coal industry and the corresponding weak performance of the Coal Segment of the Group, the Group has proactively sought to diversify its business and mitigate industry volatility risk by entering into the digital terrestrial TV broadcasting industry. On 30 June 2015, the Company entered into a sale and purchase agreement with Mr. Liao Jun, Guilin City Ceke Communication Equipment Co., Ltd. ("**Guilin Ceke**") and Hongkong Madia, pursuant to which the Company acquired the entire issued share capital and shareholders' loans of Hongkong Madia from Mr. Liao Jun and Guilin Ceke at an aggregate consideration of US$6,500,000 payable upon the satisfaction of various conditions subsequent including the completion of restructuring of Hongkong Madia by 31 December 2015. As the conditions subsequent have not been satisfied, no payment of the consideration has been made so far. Immediately after the execution of the above sale and purchase agreement, Hongkong Madia has become a wholly-owned subsidiary of the Company. The Company believes that although Hongkong Madia and its overseas subsidiaries are still in their early stage of development, the digital TV broadcasting industry in developing countries has vast market potential and holds a promising future. This transaction will allow the Group to benefit from diversification, develop another income stream and increase the long term commercial value of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 40.5% from CNY173.3 million for the six months ended 30 June 2014 to CNY103.1 million for the Reporting Period. The decline in revenue was due to a decrease in sales volume and a drop in average selling price of anthracite coal during the Reporting Period. The decrease in the sales volume from 631,075 tonnes for the six months ended 30 June 2014 to 552,001 tonnes for the Reporting Period, representing a drop of 12.5%, was mainly due to the temporary suspension in Liujiaba, Zhulinzhai and Dayuan Coal Mines, notwithstanding an increase of sales volume contributed by Yongsheng Coal Mine. In addition, the average selling price of anthracite coal dropped from CNY274.7 per tonne for the six months ended 30 June 2014 to CNY186.8 per tonne for the Reporting Period due to the downward pressure on the domestic economy and the coal market in China.

Cost of Sales

The Group's cost of sales decreased by 23.5% from CNY124.5 million for the six months ended 30 June 2014 to CNY95.3 million for the Reporting Period. This was primarily due to the decline in sales volume.

Labour costs for the Reporting Period was CNY34.2 million, representing a decrease of CNY19.0 million, or approximately 35.8%, as compared with CNY53.2 million for the six months ended 30 June 2014. The decrease in labour costs was higher than the decrease in the sales volume of the Group's anthracite products for the Reporting Period because of the stringent cost control implemented as well as the economies of scale of the larger mine operation.

Material, fuel and energy costs for the Reporting Period were CNY11.3 million, a decrease of CNY13.8 million or approximately 54.8% as compared with CNY25.1 million for the six months ended 30 June 2014. The decrease in material, fuel and energy costs was higher than the decrease in the sales volume of the Group's anthracite products for the Reporting Period as the production of Baiping Coal Mine was shifted from blasting method to mechanized mining method and the Group's mine operation was beginning to realise economies of scale of the larger mine operation.

Depreciation and amortisation for the Reporting Period were CNY41.3 million, representing an increase of CNY10.8 million, or approximately 35.3%, as compared with CNY30.5 million for the six months ended 30 June 2014. The increase in depreciation and amortisation for the Reporting Period was caused by the larger depreciable base arising from the transfer of construction in progress to property, plant and equipment following the commercial run of Yongsheng Coal Mine, as well as its increase in production volume.

Sales tax and levies for the Reporting Period were approximately CNY6.7 million, a decrease of CNY6.9 million or approximately 50.6% as compared with CNY13.6 million for the six months ended 30 June 2014. The decrease in sales tax and levies was higher than the decrease in the sales volume of the Group's anthracite products for the Reporting Period as the Coal Price Adjustment Fund Management Committee of Guizhou Province reduced the price adjustment fund in Guizhou by CNY10 per tonne followed by the circular jointly promulgated by the Ministry of Finance and the National Development and Reform Commission of the PRC to cease the price adjustment fund since 1 December 2014.

Breakdown of the Group's Unit Cost of Sales

	Six months ended 30 June	
	2015	2014
Cost Items for Mining Activities	***CNY/tonne***	*CNY/tonne*
Labour costs	**61.9**	84.3
Raw materials, fuel and energy	**20.6**	39.8
Depreciation and amortisation	**74.8**	48.4
Taxes & levies payable to governments	**12.2**	21.6
Other production-related costs	**3.2**	3.2
Total unit cost of sales for coal production	**172.7**	197.3

Gross Profit and Gross Margin

As a result of the foregoing, the gross profit decreased by 83.9% from CNY48.8 million for the six months ended 30 June 2014 to CNY7.9 million for the Reporting Period. The gross margin decreased from 28.2% for the six months ended 30 June 2014 to 7.6% for the Reporting Period. This was mainly due to the low coal price as a result of the current sluggish coal market.

Impairment Loss on Property, Plant and Equipment

The Group incurred an impairment loss on property, plant and equipment of CNY66.4 million for the six months ended 30 June 2014 in connection with the temporary suspension of Dayuan Coal Mine, and CNY383.6 million for the Reporting Period in connection with the decline in coal price and the temporary suspension of Liujiaba, Zhulinzhai and Dayuan Coal Mines. In addition, an impairment loss of CNY21.6 million was recognised in the discontinued operations of Gouchang Coal Mine.

Loss Attributable to the Owners of the Company from Continuing Operations

The loss attributable to the owners of the Company for the Reporting Period was CNY388.1 million, a rise of CNY264.3 million from the loss of CNY123.8 million for the six months ended 30 June 2014. This was mainly caused by (i) the CNY 317.2 million increase in impairment loss of coal mines from CNY66.4 million of Dayuan Coal Mine to CNY383.6 million of Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine for the Reporting Period; and (ii) the decrease of CNY40.9 million in gross profit resulting from the decrease in sales volume and the drop in average selling price; notwithstanding an increase of CNY73.0 million in income tax benefit mainly due to an increase of impairment loss on property, plant and equipment and a decrease of CNY10.8 million in finance cost due to the repayment of bank and other borrowings during the Reporting Period.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014 and 30 June 2015, the Group had net current liabilities of CNY1,026.6 million and CNY630.5 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged in any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and may consider equity financing, if required.

As at 30 June 2015, the Group had cash and cash equivalents of approximately CNY73.3 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2015, 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 CNY509.6 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY711.6 million. Certain of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie (the chairman and chief executive officer of the Company) and/or companies controlled by him and certain of the Group's bank borrowings are secured by pledges of the mining rights, equity interests in Guizhou Puxin and Guizhou Dayun and trade receivables in Guizhou Puxin. As at 30 June 2015, loan amounting to CNY388.2 million carried interest at fixed rate ranging from 5.75% to 10.00% per annum. The remaining loans carried interest at floating rate ranging from 5.50% to 8.67% per annum.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had contractual capital commitments in respect of coal mines mainly for construction of new tunnels and purchase of machinery and equipment amounting to CNY24.2 million.

CONTINGENT LIABILITIES

As at 30 June 2015, except for the bank borrowings, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

GEARING RATIO

As at 31 December 2014 and 30 June 2015, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year/period and multiplying by 100%) was 92.5% and 126.7%, respectively. The gearing ratio increased in 2015 as the Group incurred an impairment loss on property, plant and equipment.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed approximately 287 full time employees (not including 960 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) amounted to CNY58.3 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2014: CNY61.2 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

PROSPECTS

Downward pressure on the national macro economy, call for environmental protection and overcapacity mean that the coal industry in China is not expected to enjoy a fundamental recovery in the short to medium run. The transformation and consolidation of the coal industry and the associated elimination of inefficient coal enterprises will be a long and painful process. The Group will continue to concentrate on operational efficiency and cost control.

Besides, now with two business segments, the Group will be able to take advantage of diversification, develop a potential new income stream and mitigate industry volatility risk. The Group is positive about the prospects of digital TV broadcasting industry in developing countries and the development potential of Hongkong Madia and its overseas operations. The Group is committed to taking its two business segments further and providing its shareholders with promising returns.

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

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

CORPORATE GOVERNANCE

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

Chairman and Chief Executive

Mr. LI Feilie is the chairman and chief executive officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision of the CG Code with Mr. LI Feilie being the chairman and chief executive officer of the Company concurrently. The Board considers this arrangement is appropriate as it allows for efficient discharge of the executive functions of the chief executive officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including three independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management. The Board is therefore of the view that there are adequate balance and safeguards in place.

Attendance of Chairman of Board at General Meeting

Code provision E.1.2 stipulates the chairman of the board should attend the annual general meeting. Mr. LI Feilie, chairman of the Board, did not attend the annual general meeting of the Company held on 29 May 2015 due to schedule conflict. Mr. HAN Weibing was elected by the Directors to chair the annual general meeting.

SUBSEQUENT EVENTS

On 10 July 2015, Guizhou Puxin drew down the remaining loan facility amounting CNY30.0 million out of the total CNY60.0 million one-year bank loans from Bank of China. The purpose of the loan is to finance the purchase of coal. The loan bears a floating annual interest rate equal to 20% above the one-year base lending rate stipulated by the People's Bank of China (4.85% per annum, resulting in an annual interest rate of 5.82% per annum).

On 21 July 2015, Guizhou Puxin received a CNY17.1 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business, to be repaid on 20 October 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY20.2 million.

On 18 August 2015, Guizhou Puxin received a CNY2.2 million short-term loan from China Power Investment Ronghe Financial Leasing Co., Ltd. by factoring business, to be repaid on 17 November 2015. The loan bears a fixed annual interest rate equal to 5.75% and is pledged by trade receivables of CNY2.6 million.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF INTERIM RESULTS

The Company has an audit committee ("**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HUANG Songzhong. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim condensed financial statements of the Group for the Reporting Period have not been audited, but have been reviewed by the Company's auditors, Ernst & Young, and the Audit Committee.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Reporting Period containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders of the Company and published in the designated website of the Hong Kong Stock Exchange and the website of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Feishang Anthracite Resources Limited
LI Feilie
Chairman

Hong Kong, 31 August 2015

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