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)

ANNOUNCEMENT

(A) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND (B) CHANGE OF CHIEF EXECUTIVE OFFICER

(A) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2015

- Revenue down 34.0% to approximately CNY239.9 million
- Loss attributable to the owners of the Company from continuing operations up 121.3% to approximately CNY488.4 million
- Basic loss per share from continuing operations was CNY0.35

The board (the "Board") of directors (the "Directors") of Feishang Anthracite Resources Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2015

	Notes	2015 CNY'000	2014 CNY'000 (Restated)
CONTINUING OPERATIONS			
Revenue	5	**239,888**	363,365
Cost of sales		**(237,741)**	(276,147)
Gross profit		**2,147**	87,218
Selling and distribution expenses		**(8,957)**	(8,774)
Administrative expense		**(78,168)**	(112,971)
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		**(4,717)**	(6,460)
OPERATING LOSS		**(474,568)**	(107,384)
Finance costs	6	**(118,666)**	(144,099)
Interest income		**1,706**	2,716
Non-operating expenses, net		**(822)**	(3,035)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	7	**(592,350)**	(251,802)
Income tax benefit	8	**86,393**	27,877
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(505,957)**	(223,925)
DISCONTINUED OPERATIONS			
LOSS BEFORE INCOME TAX FROM DISCONTINUED OPERATIONS	4	**(28,944)**	(2,129)
Income tax benefit/(expense) from discontinued operations	4	**2,096**	(773)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	4	**(26,848)**	(2,902)
LOSS FOR THE YEAR		**(532,805)**	(226,827)
ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations	9	**(488,400)**	(220,727)
From discontinued operations	4, 9	**(26,580)**	(2,873)
		(514,980)	(223,600)
Non-controlling interests			
From continuing operations		**(17,557)**	(3,198)
From discontinued operations	4	**(268)**	(29)
		(17,825)	(3,227)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** **CNY'000**	2014 CNY'000 (Restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Basic (CNY per share)			
– For loss from continuing operations	*9*	**(0.35)**	(0.18)
– For loss from discontinued operations	*9*	**(0.02)**	(0.00)
– Net loss per share		**(0.37)**	(0.18)
Diluted (CNY per share)			
– For loss from continuing operations	*9*	**(0.35)**	(0.18)
– For loss from discontinued operations	*9*	**(0.02)**	(0.00)
– Net loss per share		**(0.37)**	(0.18)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
LOSS FOR THE YEAR	**(532,805)**	(226,827)
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	**1,997**	511
Total other comprehensive income for the year, net of tax	**1,997**	511
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(530,808)**	(226,316)
ATTRIBUTABLE TO:		
Owners of the Company		
From continuing operations	**(486,403)**	(220,216)
From discontinued operations	**(26,580)**	(2,873)
	(512,983)	(223,089)
Non-controlling interests		
From continuing operations	**(17,557)**	(3,198)
From discontinued operations	**(268)**	(29)
	(17,825)	(3,227)
	(530,808)	(226,316)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2015

	Notes	**31 December** **2015** **CNY'000**	2014 *CNY'000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,298,141**	2,603,568
Rehabilitation fund		**11,124**	31,162
Prepayments, deposits and other receivables		**77,768**	104,058
Deferred tax assets	*8*	**43,223**	28,576
TOTAL NON-CURRENT ASSETS		**2,430,256**	2,767,364
CURRENT ASSETS			
Inventories		**17,255**	17,503
Trade and bills receivables	*12*	**115,536**	99,366
Corporate income tax refundable		**46,682**	28,533
Prepayments, deposits and other receivables		**28,746**	28,399
Pledged and restricted time deposits		**195,000**	9,674
Cash and cash equivalents		**71,855**	270,140
TOTAL CURRENT ASSETS		**475,074**	453,615
TOTAL ASSETS		**2,905,330**	3,220,979
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*13*	**491,565**	203,101
Other payables and accrued liabilities		**137,181**	117,810
Interest-bearing bank and other borrowings	*14*	**675,200**	1,110,007
Interest payable		**21,172**	16,176
Mining rights payables		**33,074**	33,074
TOTAL CURRENT LIABILITIES		**1,358,192**	1,480,168

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 DECEMBER 2015

		31 December	
	Notes	**2015**	2014
		CNY'000	*CNY'000*
NON-CURRENT LIABILITIES			
Due to a related company		**1,398,679**	579,836
Interest-bearing bank and other borrowings	*14*	**384,790**	762,371
Interest payable		**4,198**	11,844
Deferred tax liabilities	*8*	**113,992**	187,834
Mining rights payables		**10,706**	33,074
Deferred income		**1,701**	–
Asset retirement obligations		**9,894**	9,019
TOTAL NON-CURRENT LIABILITIES		**1,923,960**	1,583,978
TOTAL LIABILITIES		**3,282,152**	3,064,146
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(448,355)**	66,178
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(447,274)**	67,259
NON-CONTROLLING INTERESTS		**70,452**	89,574
TOTAL EQUITY		**(376,822)**	156,833
TOTAL LIABILITIES AND EQUITY		**2,905,330**	3,220,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 "Stock Exchange") on 22 January 2014. After the Spin-off, CHNR's shareholders hold the shares of 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 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 year, the Company's subsidiaries were engaged in the acquisition, construction and development of anthracite coal mines and extraction and sale of anthracite coal in the People's Republic of China ("PRC").

As at 31 December 2015, the Group had net current liabilities of approximately CNY883.1 million (2014: CNY1,026.6 million) and total assets less current liabilities of approximately CNY1,547.1 million (2014: CNY1,740.8 million).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015.

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). Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern

As of 31 December 2015, the Group had net current liabilities of approximately CNY883.1 million and shareholders' deficit of CNY376.8 million, and had undrawn loan facilities totalling CNY140.0 million available to finance its future operations. In view of these circumstances, the Directors have 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. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures: 1) the Group has obtained confirmations of continuous financial support from Feishang and one entity controlled by Mr. LI Feilie; 2) the Group will enter into loan renewal discussions with the banks in due course; and 3) the Group is taking measures to tighten cost controls over various costs and expenses and to seek business opportunities with the aim to attain profitable and positive cash flow operations.

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 revised standards for the first time for the current year's financial statements.

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

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to IFRSs 2010-2012 Cycle issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e. an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: 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 amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group has no investment properties.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

Prior to 30 June 2015, the Group only had one operating segment: which is the acquisition, construction and development of anthracite coal mines and extraction and sale of anthracite coal ("Coal Segment"). On 30 June 2015, the Company completed the acquisition of Hongkong Madia Investment Manage Co., Limited ("Hongkong Madia"). Since then the Company started the terrestrial TV broadcasting business. On 23 December 2015, the Company completed the disposal of its equity interest in Hongkong Madia, since 23 December 2015, the Group has been operating only one operating segment: Coal Segment.

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

Geographic information

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

Information about major customers

During the year ended 31 December 2015, revenue derived from sales to the two largest customers accounted for approximately 19.4% and 11.0% of the consolidated revenue, respectively. During the year ended 31 December 2014, revenue derived from sales to the three largest customers accounted for approximately 19.3%, 16.9% and 11.4% of the consolidated revenue, respectively.

4. DISCONTINUED OPERATIONS

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 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 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations in preparing the consolidated statement of profit or loss.

The results of Gouchang Coal Mine for the years ended 31 December 2015 and 2014 are presented below:

	2015	2014
	CNY'000	*CNY'000*
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Administrative expenses	**(6,751)**	(2,033)
Write-down of inventories to net realisable value	**(551)**	–
Impairment loss on property, plant and equipment	**(21,556)**	–
OPERATING LOSS	**(28,858)**	(2,033)
Finance costs	**(86)**	(86)
Non-operating expenses, net	**–**	(10)
LOSS BEFORE INCOME TAX	**(28,944)**	(2,129)
Income tax benefit/(expense)	**2,096**	(773)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	**(26,848)**	(2,902)
Attributable to:		
Owners of the Company	**(26,580)**	(2,873)
Non-controlling interest	**(268)**	(29)
	(26,848)	(2,902)

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

	2015	2014
	CNY'000	*CNY'000*
Operating activities	**(1,713)**	(2,590)
Investing activities	**–**	–
Financing activities	**1,609**	2,477
Net cash outflow	**(104)**	(113)

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

	2015	2014
	CNY'000	*CNY'000*
Loss attributable to owners of the Company from discontinued operations	**(26,580)**	(2,873)
Weighted average number of ordinary shares ('000 shares)		
Basic	**1,380,546**	1,248,875
Diluted	**1,380,546**	1,248,875
Loss per share attributable to owners of the Company (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 (the "Share Subdivision"). The weighted average number of ordinary shares for the year ended 31 December 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

5. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations represents the following:

	2015	2014
	CNY'000	*CNY'000*
Sale of coal	**239,888**	363,365

All of the Group's revenue is derived solely from its operations in Mainland China.

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
Interest on interest-bearing bank and other borrowings	**109,449**	151,621
Interest on payables for mining rights	**(751)**	3,200
Total interest expense	**108,698**	154,821
Less: capitalised interest	**(4,967)**	(22,440)
Bank charges	**987**	3,595
Discount interest	**12,410**	6,895
Loan commission fee	**225**	442
Foreign exchange loss	**448**	–
Accretion expenses	**865**	786
	118,666	144,099

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
Crediting:		
Interest income on bank deposits	**1,706**	2,716
Government grant	**826**	–
Charging:		
Cost of inventories sold (a)	**181,714**	203,514
Price adjustment fund	**–**	11,566
Sales tax and surcharge	**14,623**	15,388
Utilisation of safety fund and production maintenance fund	**41,404**	45,679
Cost of sales	**237,741**	276,147
Employee benefit expenses	**81,610**	112,418
Depreciation, depletion and amortisation:		
Property, plant and equipment	**130,611**	111,672
Auditors' remuneration:		
Audit fee	**3,200**	3,000
Operating lease rental:		
Office properties	**142**	254
Impairment loss on property, plant and equipment	**383,615**	66,397
Write-down of inventories to net realisable value	**1,258**	–
Repairs and maintenance	**2,081**	745
Losses arising from temporary suspension of production (b)	**3,057**	10,725

(a) Included in the cost of inventories sold are approximately CNY171.8 million for the year ended 31 December 2015 (2014: CNY143.1 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 represented the overhead costs incurred during the period of temporary suspension of production. Since June 2014, Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine suspended production temporarily to facilitate inspection or 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 June 2015, Baiping Coal Mine suspended production temporarily 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 金沙縣安全生產監督管理局 (Jinsha County Administration Bureau of Work Safety*) according to the on-site inspection and assessment on the mining operations.

* For identification purpose only

8. INCOME TAX AND DEFERRED TAX

The Company is a limited liability company incorporated in the BVI and conducts its primary business through its subsidiaries in Mainland China. It also has an intermediate holding company in Hong Kong. Under the current laws of the BVI, the Company incorporated in the BVI is not subject to tax on income or capital gains. The Hong Kong profits tax rate was 16.5% during the year ended 31 December 2015 (2014: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced incomes. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation sustained tax losses during the years ended 31 December 2015 and 2014. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Effective from 1 January 2008, the PRC's statutory corporate income tax ("CIT") rate is 25%. The Company's PRC subsidiaries are subject to income tax at 25% on their respective taxable incomes as calculated in accordance with the CIT Law and its relevant regulations.

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.

In accordance with the New CIT Law, enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC territory are considered PRC resident enterprises and subject to the PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" refers to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting and properties of an enterprise. As of 31 December 2015, no detailed interpretation or guidance has been issued to define "place of effective management". If the Company's non-PRC incorporated entities are deemed PRC tax residents, these entities would be subject to PRC tax under the New CIT Law. As of 31 December 2015, the Company has analyzed the applicability of this law and has not accrued for PRC tax on this basis. The Company will continue to monitor changes in the interpretation or guidance of this law.

The current and deferred components of income tax benefit from continuing operations appearing in the consolidated statement of profit or loss are as follows:

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
Current – Mainland China	**–**	20,128
Deferred – Mainland China	**(86,393)**	(48,005)
	(86,393)	(27,877)

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

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
Loss before income tax from continuing operations	**(592,350)**	(251,802)
Tax at the statutory tax rate of 25%	**(148,087)**	(62,951)
Effect of different tax rates for the Company and the Hong Kong subsidiary	**839**	999
Non-deductible expenses	**3,271**	2,868
Deferred tax assets not recognised	**–**	1,125
Tax losses not recognised	**56,880**	30,507
Tax losses utilised from previous years	**–**	(102)
Others	**704**	(323)
Income tax benefit from continuing operations	**(86,393)**	(27,877)

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

	31 December	
	2015	2014
	CNY'000	*CNY'000*
Deferred tax assets		
Accrued liabilities and other payables	**–**	5,664
Capitalised pilot run income	**16,910**	18,923
Tax losses	**24,051**	35,816
Depreciation of property, plant and equipment	**21,409**	9,706
Others	**1,034**	776
	63,404	70,885
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment*	**(134,173)**	(230,143)
Net deferred tax liabilities	**(70,769)**	(159,258)
Classification in the consolidated statements of financial position:		
Deferred tax assets	**43,223**	28,576
Deferred tax liabilities	**(113,992)**	(187,834)

* Included in the deferred tax liabilities, there were approximately CNY118.5 million and CNY215.0 million deferred tax liabilities recognised relating to the fair value adjustment on property, plant and equipment as of 31 December 2015 and 2014, respectively.

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 Group did not recognise any deferred tax liabilities in respect of the 5% or 10% PRC dividend withholding tax on the undistributed earnings of its PRC subsidiaries as there were no undistributed earnings available due to the aggregate losses of the subsidiaries as of 31 December 2015 and 2014.

The total amounts of unused tax losses for which no deferred tax assets were recognised amounted to approximately CNY532.8 million and CNY322.0 million as of 31 December 2015 and 2014, respectively. As of 31 December 2015, unused tax losses of approximately CNY73.7 million, CNY56.3 million, CNY118.6 million, CNY167.0 million and CNY117.2 million if unused, will expire by end of 2016, 2017, 2018, 2019 and 2020, respectively.

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

	2015	2014
	CNY'000	*CNY'000*
At beginning of the year	**(159,258)**	(206,490)
Credited to consolidated statement of profit or loss*	**88,489**	47,232
At end of the year	**(70,769)**	(159,258)

* Included in the amount credited to consolidated statement of profit or loss there were approximately CNY2.1 million and negative CNY0.8 million from discontinued operations for the year ended 31 December 2015 and 2014, respectively (note 4).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2015	2014
	CNY'000	*CNY'000*
		(Restated)
Loss for the year attributable to owners of the Company:	**(514,980)**	(223,600)
from continuing operations	**(488,400)**	(220,727)
from discontinued operations	**(26,580)**	(2,873)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,248,875
Diluted	**1,380,546**	1,248,875
Loss per share attributable to owners of the Company (CNY per share):		
Basic		
from continuing operations	**(0.35)**	(0.18)
from discontinued operations	**(0.02)**	(0.00)
	(0.37)	(0.18)
Diluted		
from continuing operations	**(0.35)**	(0.18)
from discontinued operations	**(0.02)**	(0.00)
	(0.37)	(0.18)

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 year ended 31 December 2014 has been adjusted retroactively to consider the impact of Share Subdivision.

The Company did not have any potential diluted shares throughout the year. Accordingly, the diluted loss per share amount is 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

	Buildings *CNY'000*	Mining structures and mining rights *CNY'000*	Machinery and equipment *CNY'000*	Motor vehicles *CNY'000*	Construction in progress *CNY'000*	Total *CNY'000*
Cost						
At 1 January 2014	74,426	1,837,804	136,621	20,059	640,740	2,709,650
Additions	–	4,477	23,979	7,391	284,093	319,940
Transfers	9,477	447,162	91,483	–	(548,122)	–
At 31 December 2014 and 1 January 2015	83,903	2,289,443	252,083	27,450	376,711	3,029,590
Additions	–	221	33,703	274	196,348	230,546
Transfers	34,658	390,322	93,072	–	(518,052)	–
Disposals	–	–	(95)	–	–	(95)
At 31 December 2015	**118,561**	**2,679,986**	**378,763**	**27,724**	**55,007**	**3,260,041**
Accumulated depreciation						
At 1 January 2014	(3,582)	(39,536)	(15,777)	(4,375)	–	(63,270)
Depreciation charge	(1,798)	(79,046)	(28,879)	(2,215)	–	(111,938)
At 31 December 2014 and 1 January 2015	(5,380)	(118,582)	(44,656)	(6,590)	–	(175,208)
Depreciation charge	(2,204)	(94,879)	(31,105)	(2,611)	–	(130,799)
Disposals	–	–	92	–	–	92
At 31 December 2015	**(7,584)**	**(213,461)**	**(75,669)**	**(9,201)**	**–**	**(305,915)**
Impairment						
At 1 January 2014	–	(184,417)	–	–	–	(184,417)
Impairment	–	(66,397)	–	–	–	(66,397)
At 31 December 2014 and 1 January 2015	–	(250,814)	–	–	–	(250,814)
Impairment	(3,415)	(397,318)	(4,356)	(82)	–	(405,171)
At 31 December 2015	**(3,415)**	**(648,132)**	**(4,356)**	**(82)**	**–**	**(655,985)**
Net carrying amount						
At 31 December 2014	78,523	1,920,047	207,427	20,860	376,711	2,603,568
At 31 December 2015	**107,562**	**1,818,393**	**298,738**	**18,441**	**55,007**	**2,298,141**

As at 31 December 2015, certain mining rights with a carrying amount of approximately CNY553.1 million (2014: CNY984.5 million) were pledged to secure bank loans with a carrying amount of approximately CNY552.4 million (2014: CNY718.8 million) (note 14).

As at 31 December 2015, certain buildings with a carrying amount totalling approximately CNY98.0 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 of the end of the year.

Interest expenses of approximately CNY5.0 million and CNY22.4 million arising from borrowings attributable to the construction of property, plant and equipment were capitalised at an annual rate of 4.75% to 8.00% and were included in 'additions' to construction in progress and mining rights during the years ended 31 December 2015 and 2014, respectively.

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 Group 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. Gouchang was designated as a single cash generating unit ("CGU"). The carrying value of the long-term assets was compared to the recoverable amount of the CGU, which was based predominantly on the fair-value-less-costs-of-disposal ("FVLCD") of the assets which can be further utilised in other coal mines.

Operations have been temporarily suspended at Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine since June 2014 to carry out rectification of certain safety deficiencies or related improvement so as to ensure its mining operations are in compliance with the requisite safety standards and other conditions required by relevant administration bureaus of work safety in the PRC. Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine were designated as a single CGU. The carrying value of the long-term assets was compared to the recoverable amount of each CGU respectively, which was based predominantly on the FVLCD approach. The fair value measurement of the recoverable amount is categorized within level 3 of the fair value hierarchy. FVLCD calculations use pre-tax cash flow projections over the reserve life over Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine. 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. Management used growth rate of 0%. Further, the Group adopts a pre-tax rate of 10.85% (year ended 31 December 2014: 11.93%) that reflects specific risks related to CGU as discount rates.

For the year ended 31 December 2015, impairment loss for property, plant and equipment of Liujiaba Coal Mine of approximately CNY132.8 million (year ended 31 December 2014: nil) was recognised in profit or loss from continuing operations. For the year ended 31 December 2015, impairment loss for property, plant and equipment of Zhulinzhai Coal Mine of approximately CNY115.9 million (year ended 31 December 2014: nil) was recognised in profit or loss from continuing operations. For the year ended 31 December 2015, impairment loss for property, plant and equipment of Dayuan Coal Mine of approximately CNY134.9 million (year ended 31 December 2014: CNY66.4 million) was recognised in profit or loss from continuing operations. For the year ended 31 December 2015, impairment loss for property, plant and equipment of Gouchang Coal Mine of approximately CNY21.6 million (year ended 31 December 2014: nil) was recognised in profit or loss from discontinued operations.

12. TRADE AND BILLS RECEIVABLES

	31 December	
	2015	2014
	CNY'000	*CNY'000*
Trade receivables	**113,668**	95,651
Less: provision for impairment	**59**	–
	113,609	95,651
Bills receivable	**1,927**	3,715
	115,536	99,366

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 is required. Trade receivables are non-interest-bearing.

Trade receivables of approximately CNY13.1 million (2014: nil) were pledged as security for short-term loans of approximately CNY11.0 million as at 31 December 2015 (note 14).

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

	31 December	
	2015	2014
	CNY'000	*CNY'000*
Within 3 months	**15,824**	76,271
3 to 6 months	**27,028**	4,544
6 to 12 months	**52,079**	13,845
Over 12 months	**18,678**	991
	113,609	95,651

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

	31 December	
	2015	2014
	CNY'000	*CNY'000*
Neither past due nor impaired	**15,824**	76,271
Within one year past due	**95,575**	18,389
More than one year past due	**2,210**	991
Trade receivables, net	**113,609**	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

	31 December 2015 CNY'000	31 December 2014 CNY'000
Trade payables (a)	**236,565**	198,427
Bills payable	**255,000**	4,674
	491,565	203,101

(a) Included in trade payables were approximately CNY164.7 million (2014: CNY149.3 million) due to construction related constructors as of 31 December 2015.

The aged analysis of trade payables is as follows:

	31 December 2015 CNY'000	31 December 2014 CNY'000
Within one year	**177,439**	189,775
More than one year	**59,126**	8,652
	236,565	198,427

Bills payable are bills of exchange with maturity of less than one year. Time deposits of approximately CNY195.0 million (2014: CNY9.7 million) were pledged to secure the bank bills as of 31 December 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

	31 December 2015 CNY'000	31 December 2014 CNY'000
Current		
Bank and other borrowings – guaranteed	**171,000**	255,000
Bank and other borrowings – secured and guaranteed	**40,000**	–
Current portion of long term bank and other borrowings – secured and guaranteed	**320,600**	239,007
Current portion of long term bank and other borrowings – guaranteed	**–**	386,000
Current portion of long term bank and other borrowings – unsecured	**143,600**	–
Bank and other borrowings – unsecured	**–**	230,000
	675,200	1,110,007
Non-current		
Bank and other borrowings – guaranteed	**148,000**	94,000
Bank and other borrowings – secured and guaranteed	**191,790**	479,771
Bank and other borrowings – unsecured	**45,000**	188,600
	384,790	762,371
	1,059,990	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 approximately CNY553.1 million (2014: CNY984.5 million) as of 31 December 2015 (note 11);

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

(3) Pledges over the trade receivables in Guizhou Puxin with a carrying amount of approximately CNY13.1 million (2014: nil) as at 31 December 2015 (note 12).

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY702.4 million (2014: CNY989.0 million) as at 31 December 2015. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY850.4 million (2014: CNY1,274.0 million) as at 31 December 2015.

All borrowings are denominated in CNY.

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

	31 December	
	2015	2014
	%	*%*
Fixed-rate bank and other borrowings	**5.75~7.91**	6.60~10.00
Floating-rate bank and other borrowings	**5.22~8.63**	6.00~9.00

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

	31 December	
	2015	2014
	CNY'000	*CNY'000*
Bank and other borrowings repayable:		
Within one year or on demand	**675,200**	1,110,007
In the second year	**236,790**	599,600
In the third to fifth years, inclusive	**148,000**	162,771
	1,059,990	1,872,378

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2015 is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with IFRSs and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2.1 to the consolidated financial statements which indicates that the Group has net current liabilities of approximately CNY883.1 million and shareholders' deficit of CNY376.8 million. This condition indicates the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Year 2015 remained a difficult year for the coal industry in China as a whole and for the Group. The slump in coal market price in China imposed an enormous pressure on coal miners in China, including the Group. Despite the adverse environment, the Group launched the commercial production of Dayun Coal Mine, the largest coal mine of the Group. The completion of the coal washing plant and the shipping port enhanced the overall competitiveness of the Group in terms of higher coal quality, lower transportation cost and closer proximity to the potential higher value-added customers. The Group continues to streamline its operation, safety and stringent cost control measure to improve the cash position and financial performance of the Group.

Snapshot of major developments of the Group throughout the year:

- In March 2015, Dayun Coal Mine commenced pilot run.
- In June 2015, Dayun Coal Mine obtained the safe production permit issued by Guizhou Administration of Coal Mine Safety and launched commercial production in July 2015.
- In October 2015, the coal beneficiation plant in Jinsha county close to Yongsheng Coal Mine commenced commercial run.
- In November 2015, the construction of the shipping port along the Wujiang River near Yongsheng Coal Mine in Jinsha county was completed.

FINANCIAL REVIEW

Continuing Operation

Revenue

The Group's revenue decreased by approximately 34.0% from approximately CNY363.4 million in 2014 to approximately CNY239.9 million in 2015. The decline in revenue was due to a drop in average selling price in 2015, notwithstanding a slight increase in sales volume. The commercial run of Dayun Coal Mine in 2015 contributed an increase in the sales volume from 1,413,900 tonnes in 2014 to 1,467,357 tonnes in 2015, representing a rise of approximately 3.8%. However, the average selling price of anthracite coal dropped from CNY257.0 per tonne in 2014 to CNY163.5 per tonne in 2015 due to the downward pressure on the domestic economy and the coal market in China.

In 2015, the Group commenced the sale of processed coal (after coal washing) and derived revenue of approximately CNY22.3 million with sales volume of 94,616 tonnes from the processed coal. The average selling price of processed coal was CNY235.5 per tonne, which was higher than that of raw coal sold without coal washing by CNY77.0 per tonne.

In the past, the Group sold significant portion of its anthracite coal as thermal coal to power producers in Guizhou province, and was dependent on a limited number of customers for a substantial portion of its revenue. Therefore, in 2015, the Group reduced the portion of its anthracite coal sold as thermal coal as compared with 2014's. In 2014 and 2015, the Group derived approximately 62.8% and 50.3%, respectively, of its revenue from anthracite coal sales to its five largest customers, out of which, two and one customers were power producers in Guizhou province who purchased thermal coal from the Group, respectively. The management of the Group believes that by further diversifying the product mix through coal washing, 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 decreased by approximately 13.9% from approximately CNY276.1 million in 2014 to approximately CNY237.7 million in 2015, notwithstanding a slight rise in the sales volume of the Group's anthracite products. This was mainly a result of the economies of scale as production expanded and the stringent cost control measures implemented by the Group.

Labour costs in 2015 was approximately CNY80.8 million, representing a decrease of approximately CNY18.1 million, or approximately 18.3%, as compared with approximately CNY98.9 million in 2014. Labour costs decreased notwithstanding a slight rise in the sales volume of the Group's anthracite products in 2015 because as production expanded, especially the production of two largest coal mines, Dayun Coal Mine and Yongsheng Coal Mine, the Group's mine operation was able to achieve some economies of scale as well as the result of implementing stringent cost control measures.

Material, fuel and energy costs in 2015 was approximately CNY28.0 million, a decrease of approximately CNY15.0 million or approximately 34.8% as compared with approximately CNY43.0 million in 2014. Material, fuel and energy costs decreased notwithstanding a slight rise in the sales volume of the Group's anthracite products in 2015 as the Group's mine operation was beginning to realise some economies of scale as well as the result of implementing stringent cost control measures.

Depreciation and amortisation in 2015 was approximately CNY108.9 million, representing an increase of approximately CNY6.5 million, or approximately 6.3%, as compared with approximately CNY102.4 million in 2014. The higher increase in depreciation and amortisation in 2015 was caused by the larger depreciable basis arising from the transfer of construction in progress to property, plant and equipment following the commercial run of Yongsheng Coal Mine and Dayun Coal Mine, as well as the increase in production volume.

Sales tax and levies in 2015 was approximately CNY14.6 million, a decrease of approximately CNY12.4 million or approximately 45.7% as compared with approximately CNY27.0 million in 2014. Sales tax and levies decreased notwithstanding a slight rise in the sales volume of the Group's anthracite products in 2015 as the Coal Price Adjustment Fund Management Committee of Guizhou Province reduced the price adjustment fund in Guizhou by CNY10 per tonne since August 2013, followed by the circular 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.

Coal washing costs in 2015 was approximately CNY2.8 million, including labour costs of approximately CNY1.0 million, material, fuel and energy costs of approximately CNY1.1 million, depreciation of approximately CNY0.4 and other coal washing related costs of approximately CNY0.3 million.

Breakdown of the Group's Unit Cost of Sales

Cost Items for Mining Activity	2015	2014
	CNY/tonne	*CNY/tonne*
Labour costs	**55.1**	70.0
Raw materials, fuel and energy	**19.1**	30.4
Depreciation and amortisation	**74.2**	72.4
Taxes & levies payable to governments	**10.0**	19.1
Other production-related costs	**1.8**	3.4
Total unit cost of sales for coal production	**160.2**	195.3

Cost Items for Coal Washing Activity	2015	2014
	CNY/tonne	*CNY/tonne*
Labour costs	**10.5**	–
Materials, fuel and energy	**11.8**	–
Depreciation	**3.8**	–
Other coal washing related costs	**3.3**	–
Total unit of coal washing costs	**29.4**	–

Gross Profit and Gross Margin

As a result of the foregoing, the gross profit, which is equal to revenue less cost of sales, decreased by approximately 97.5% from approximately CNY87.2 million in 2014 to approximately CNY2.1 million in 2015. The gross margin, which is equal to gross profit divided by revenue, decreased from approximately 24.0% in 2014 to 0.9% in 2015, primarily due to a drop in the average selling price of anthracite coal.

Selling and Distribution Expenses

The selling and distribution expenses increased slightly by approximately 2.1% from approximately CNY8.8 million in 2014 to approximately CNY9.0 million in 2015 as sales volume increased.

Administrative Expenses

The administrative expenses from continuing operations decreased by approximately 30.8% from approximately CNY113.0 million in 2014 to approximately CNY78.2 million in 2015. The drop was primarily due to the management's tighter control over the expenses and the cease of tax expenses of resources compensation fee, property tax and land usage tax based on sale volume.

Impairment Loss on Property, Plant and Equipment

The Group incurred an impairment loss on property, plant and equipment of approximately CNY66.4 million in 2014 in connection with the temporary suspension of Dayuan Coal Mine, and approximately CNY383.6 million in 2015 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 approximately CNY21.6 million was recognised in the discontinued operations of Gouchang Coal Mine.

Operating Loss

As a result of the foregoing, the operating loss from continuing operations increased significantly from approximately CNY107.4 million in 2014 to approximately CNY474.6 million in 2015.

Finance Costs

The finance costs from continuing operations decreased by approximately 17.6% from approximately CNY144.1 million in 2014 to approximately CNY118.7 million in 2015, principally due to a 27.8% decrease in interest expenses on interest-bearing bank and other borrowings from approximately CNY151.6 million in 2014 to approximately CNY109.4 million in 2015. Interest expenses on interest-bearing bank and other borrowings decreased primarily due to the repayment of interest-bearing bank and other borrowings, notwithstanding a lower level of capitalised interest in 2015 as compared to 2014's. The lower level of capitalised interest in 2015 was caused by the cessation of interest capitalisation subsequent to the pilot run of Dayun Coal Mine in March 2015.

Interest Income

The interest income from continuing operations decreased by approximately 37.2% from approximately CNY2.7 million in 2014 to approximately CNY1.7 million in 2015, mainly as a result of the decline in the average balance of the Group's bank deposits in 2015.

Net Non-operating Expense

The net non-operating expense from continuing operations was approximately CNY3.0 million in 2014 compared to the net non-operating expense of approximately CNY0.8 million in 2015. The net non-operating expense in 2014 and 2015 mainly represented the community donation in Jinsha county.

Loss Before Income Tax from Continuing Operations

As a result of the foregoing, the loss before income tax from continuing operations increased from approximately CNY251.8 million in 2014 to approximately CNY592.4 million in 2015.

Income Tax Benefit

The Group had an income tax benefit from continuing operations of approximately CNY86.4 million in 2015, compared to an income tax benefit of approximately CNY27.9 million in 2014. The rise in income tax benefit in 2015 was mainly due to the additional reversal of deferred tax liabilities in 2015 resulting from the increased impairment loss on property, plant and equipment.

Loss Attributable to the Owners of the Company from Continuing Operations

The loss attributable to the owners of the Company from continuing operations for the year was approximately CNY488.4 million in 2015, a rise of approximately CNY267.7 million from the loss of approximately CNY220.7 million in 2014. This was mainly caused by (i) the increase of approximately CNY317.2 million in impairment loss of coal mines from approximately CNY66.4 million from Dayuan Coal Mine in 2014 to approximately CNY383.6 million from Liujiaba Coal Mine, Zhulinzhai Coal Mine and Dayuan Coal Mine in 2015; and (ii) the decrease of approximately CNY85.1 million in gross profit resulting from the drop in average selling price of anthracite coal; notwithstanding an increase of approximately CNY58.5 million in income tax benefit mainly contributed by an increase of impairment loss on property, plant and equipment, a decrease of approximately CNY34.8 million in administrative expenses due to the management's tighter control over expenses and the cease of tax expenses of resources compensation fee, property tax and land usage tax based on sales volume, and a decrease of approximately CNY25.4 million in finance cost due to the repayment of bank and other borrowings in 2015.

Discontinued Operations

Since March 2013, the operations of Gouchang Coal Mine had been suspended 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 2015, all the works at Gouchang Coal Mine were substantially stopped, hence, the operating results have been reclassified to discontinued operations.

PROSPECTS

In the short term, the likelihood of achieving demand supply balance and a rebound in price is not optimistic. The transformation and consolidation of the coal industry and the associated elimination of inefficient coal enterprises will be a long and challenging process. Notwithstanding this most difficult adjustment period of the coal industry in China, the Group will continue to streamline its operations, safety and stringent cost control to improve the cash flow and minimise the loss of the Group.

Despite the unfavourable short term economic conditions, various economic strategies and developments since 2015, including the pursuit of stable national economic growth, the "One Belt, One Road" initiative and the opening of the Asian Infrastructure Investment Bank, are all expected to promote infrastructure developments and the utilisation of China's enormous industrial overcapacity, which will in turn boost the major coal consuming industries and eventually bring about gradual recovery of the coal industry. Although the Company believes that the status of coal as the primary source of energy in China is expected to remain unchanged for a considerable length of time in the future, it will also consider exploring other business opportunities which can provide its shareholders with promising returns and will benefit the Group as a whole.

CAPITAL COMMITMENTS AND EXPECTED SOURCE OF FUNDING

As at 31 December 2015, the Group had contractual capital commitments in respect of machinery and equipment purchased by coal mines for operations amounting to approximately CNY10.8 million. The Group plans to finance the capital commitments by internal resources, additional short-term and long-term bank and other borrowings, and/or possible equity financing.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed approximately 318 full time employees (not including 559 workers provided by third party labour agencies) for its principal activities (2014: 316). Employees' costs (including Directors' emoluments) amounted to approximately CNY91.4 million (including payment to workers provided by third party labour agencies) for the year ended 31 December 2015 (2014: CNY117.1 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 approved share option scheme of the Company.

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.

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 2015.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. For the year ended 31 December 2015, the Company has complied with the code provisions as set out in the CG Code, save and except for code provisions A.2.1 and E.1.2 as set out below.

Chairman and Chief Executive

During the year and prior to the appointment of the new chief executive officer on 29 March 2016, Mr. LI Feilie was the chairman and chief executive officer of the Company. He was 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 deviated from this code provision of the CG Code with Mr. LI Feilie being the chairman and chief executive officer of the Company concurrently for the year ended 31 December 2015 and up to 29 March 2016. The Board considered that this arrangement was appropriate 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 comprises 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 appropriate Board committees, as well as senior management. The Board was therefore of the view that there were adequate balance and safeguards in place.

At the Board meeting held on 29 March 2016, Mr. LI Feilie stepped down from the position of chief executive officer and Mr. HAN Weibing, the former chief operating officer of the Company, was appointed as the chief executive officer of the Company with immediate effect. The Board is of the opinion that the separation of duties of chairman and chief executive officer will be the most appropriate hierarchical structure given the current circumstance of the Group.

Attendance of Chairman of the Board at Annual General Meeting

Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this, his duly appointed delegate, to attend. Mr. LI Feilie, chairman of the Board of the Company, did not attend the Company's annual general meeting held on 29 May 2015 (the "2015 AGM") due to his tight business schedule. The 2015 AGM was chaired by Mr. HAN Weibing, an executive Director of the Company, with the consent of the members present.

SUBSEQUENT EVENTS

There is no material event undertaken by the Company or the Group subsequent to 31 December 2015 and up to the date of this announcement.

REVIEW OF ANNUAL RESULTS

The figures in relation to the results of the Group for the year ended 31 December 2015 in this preliminary announcement have been reviewed by the audit committee of the Company and have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by the Group's auditors, Ernst & Young. The work of Ernst & Young, in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the Company is scheduled to be held on 31 May 2016 (the "AGM"). The notice of AGM will be published on the website of the Company at www.fsanthracite.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

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

Pursuant to the requirements of the Listing Rules, the 2015 annual report of the Company will set out all information required by the Listing Rules and will be published on the website of the Company (www.fsanthracite.com) and the designated website of the Stock Exchange (www.hkexnews.hk) on or before 30 April 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 May 2016 to Tuesday, 31 May 2016 (both days inclusive) during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 May 2016.

APPRECIATION

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

(B) CHANGE OF CHIEF EXECUTIVE OFFICER

The Board announces that (i) Mr. LI Feilie ("Mr. Li"), who remains as the chairman and executive Director of the Company, has stepped down from his position as the chief executive officer with immediate effect; and (ii) Mr. HAN Weibing ("Mr. Han"), the former chief operating officer of the Company, has been appointed as the chief executive officer of the Company with immediate effect. The Board is of the view that such separation of duties of chairman and chief executive officer will be the most appropriate hierarchical structure given the current circumstance of the Group.

Mr. Li confirms that he has no disagreement with the Board and there is no other matter relating to his step down as chief executive officer of the Company that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Biographical details of Mr. Han

Position and Experience

Mr. Han, aged 44, has been the executive Director since December 2013. Mr. Han was the chief operating officer of the Company and was appointed as the chief executive officer of the Company on 29 March 2016. He is also a member of the corporate social responsibility committee and remuneration committee of the Company. Mr. Han is primarily responsible for overseeing the day-to-day management and operations of the Group. Mr. Han has served as the vice president of the coal division of CHNR, a director and the chairman of the board of directors of Guizhou Puxin and Guizhou Yongfu Mining Co., Limited, subsidiaries of the Company, since January 2012, taking charge of the development and management of their coal mining related business. He has also served as a director of Jinsha Juli Energy Co., Ltd., a subsidiary of the Company, since November 2012. He was the general manager and the vice president of the human resources department of Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise") from March 2009 to March 2012, and he also served as the assistant president of Feishang Enterprise from February 2010 to February 2011. From August 1995 to March 2007, Mr. Han served as the deputy manager of the human resources department of a multinational logistics equipment manufacturing company listed on the Shenzhen Stock Exchange. He graduated from Sun Yat-Sen University (中山大學) with an executive master of business administration degree in June 2007 and from Wright State University in the United States with a master of business administration degree in November 2008. Save as disclosed above, Mr. Han did not hold any directorship in other listed public companies in the past three years.

Length of service

The length of service of Mr. Han with the Company is approximately 2.5 years. Mr. Han entered into a service agreement with the Company for a term of three years to 22 December 2016. Mr. Han is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles of Association of the Company.

Relationships

Mr. Han does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the date of this announcement, Mr. Han does not hold any interest in the shares or underlying shares pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Director's emoluments

Mr. Han is entitled to an annual Director's fee of HK$1.00 and an annual salary of CNY221,563.00 together with a discretionary bonus, which is determined by the Board with reference to his duties and responsibilities and subject to review from time to time.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Han involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Han that need to be brought to the attention of the shareholders of the Company.

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

Hong Kong, 29 March 2016

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