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 2017

FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

- Revenue increased by approximately 122.9% to approximately CNY421.4 million for the six months ended 30 June 2017 from approximately CNY189.0 million for the six months ended 30 June 2016
- Gross profit increased by approximately 332.2% to approximately CNY214.9 million for the six months ended 30 June 2017 from approximately CNY49.7 million for the six months ended 30 June 2016
- Profits attributable to owners of the parent from continuing operations for the six months ended 30 June 2017 recorded a turnaround to approximately CNY37.1 million from a loss of approximately CNY164.9 million for the same period last year
- Basic profit per share from continuing operations was CNY0.03

The board (the "**Board**") of directors (the "**Directors**") of Feishang Anthracite Resources Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2017 (the "**Reporting Period**"), together with the comparative figures for the corresponding six months ended 30 June 2016 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
		2017	2016
	Notes	***CNY'000***	*CNY'000*
		(Unaudited)	(Unaudited)
CONTINUING OPERATIONS			
Revenue	*5*	**421,434**	189,046
Cost of sales		**(206,563)**	(139,330)
Gross profit		**214,871**	49,716
Selling and distribution expenses		**(14,968)**	(4,919)
Administrative expenses		**(64,344)**	(48,816)
Impairment loss on property, plant and equipment	*7*	**–**	(95,494)
Other operating expenses		**(11,273)**	(16,703)
OPERATING PROFIT/(LOSS)		**124,286**	(116,216)
Finance costs	*6*	**(37,085)**	(42,957)
Interest income		**3,344**	2,226
Non-operating income/(expenses), net		**11,525**	(2,588)
PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	*7*	**102,070**	(159,535)
Income tax expense	*8*	**(48,144)**	(3,860)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**53,926**	(163,395)
DISCONTINUED OPERATION			
LOSS BEFORE INCOME TAX FROM DISCONTINUED OPERATION	*4*	**(277)**	(634)
Income tax benefit from discontinued operation	*4*	**–**	–
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION		**(277)**	(634)
PROFIT/(LOSS) FOR THE PERIOD		**53,649**	(164,029)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	Six months ended 30 June 2017 CNY'000 (Unaudited)	2016 CNY'000 (Unaudited)
ATTRIBUTABLE TO:			
Owners of the parent			
From continuing operations	9	**37,102**	(164,888)
From discontinued operation	4,9	**(274)**	(628)
		36,828	(165,516)
Non-controlling interests			
From continuing operations		**16,824**	1,493
From discontinued operation	4	**(3)**	(6)
		16,821	1,487
		53,649	(164,029)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (CNY per share)			
– For profit/(loss) from continuing operations	9	**0.03**	(0.12)
– For loss from discontinued operation	9	*	*
– Net profit/(loss) per share		**0.03**	(0.12)
Diluted (CNY per share)			
– For profit/(loss) from continuing operations	9	**0.03**	(0.12)
– For loss from discontinued operation	9	*	*
– Net profit/(loss) per share		**0.03**	(0.12)

* *Insignificant*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**53,649**	(164,029)
Other comprehensive (loss)/income:		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	**(608)**	485
Total other comprehensive (loss)/income for the period, net of tax	**(608)**	485
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**53,041**	(163,544)
ATTRIBUTABLE TO:		
Owners of the parent		
From continuing operations	**36,494**	(164,403)
From discontinued operation	**(274)**	(628)
	36,220	(165,031)
Non-controlling interests		
From continuing operations	**16,824**	1,493
From discontinued operation	**(3)**	(6)
	16,821	1,487
	53,041	(163,544)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	30 June 2017 CNY'000 (Unaudited)	31 December 2016 CNY'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**2,328,277**	2,284,273
Rehabilitation fund		**10,572**	10,676
Prepayments, deposits and other receivables		**116,785**	76,598
Deferred tax assets	*8*	**47,319**	55,912
TOTAL NON-CURRENT ASSETS		**2,502,953**	2,427,459
CURRENT ASSETS			
Inventories		**19,868**	11,743
Trade and bills receivables	*12*	**189,263**	107,680
Corporate income tax refundable		**5,855**	31,681
Prepayments, deposits and other receivables		**73,186**	65,669
Pledged and restricted time deposits		**–**	230,000
Cash and cash equivalents		**71,682**	117,192
TOTAL CURRENT ASSETS		**359,854**	563,965
TOTAL ASSETS		**2,862,807**	2,991,424
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and bills payables	*13*	**222,988**	537,402
Other payables and accrued liabilities		**226,640**	168,537
Interest-bearing bank and other borrowings	*14*	**770,670**	603,588
Interest payable		**27,331**	26,199
Mining right payables		**43,780**	43,780
TOTAL CURRENT LIABILITIES		**1,291,409**	1,379,506

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2017

	Notes	30 June 2017 CNY'000 (Unaudited)	31 December 2016 CNY'000 (Audited)
NON-CURRENT LIABILITIES			
Due to a related company		**1,802,143**	1,812,727
Interest-bearing bank and other borrowings	*14*	**157,704**	243,202
Deferred tax liabilities	*8*	**129,127**	126,981
Deferred income		**1,260**	1,407
Asset retirement obligations		**11,366**	10,844
TOTAL NON-CURRENT LIABILITIES		**2,101,600**	2,195,161
TOTAL LIABILITIES		**3,393,009**	3,574,667
EQUITY			
Share capital		**1,081**	1,081
Reserves		**(623,357)**	(659,577)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(622,276)**	(658,496)
NON-CONTROLLING INTERESTS		**92,074**	75,253
TOTAL EQUITY		**(530,202)**	(583,243)
TOTAL LIABILITIES AND EQUITY		**2,862,807**	2,991,424

NOTES TO INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 (the "**Spin-off**") of its shareholding in the Company and the shares of the Company were listed by introduction on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 January 2014. After the Spin-off, CHNR's shareholders hold the 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 is the beneficial owner of Feishang. 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 construction and development of anthracite coal mines, extraction and sale of anthracite coal, and trading of anthracite coal in the People's Republic of China (the "**PRC**").

As at 30 June 2017, the Group had net current liabilities of approximately CNY931.6 million (31 December 2016: approximately CNY815.5 million) and total assets less current liabilities of approximately CNY1,571.4 million (31 December 2016: approximately CNY1,611.9 million).

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The interim financial information for the Reporting Period has been prepared in accordance with the International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The interim financial information has been prepared on the historical cost basis. The interim financial information is presented in Chinese Yuan ("**CNY**") and all 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 financial information 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 2016.

Changes in accounting policies

In the current interim period, the Group has applied, for the first time, the following revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board:

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual improvements 2014-2016 Cycle*	*Disclosure of Interest in Other Entities*

Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, such application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle – 2014-2016
Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10 to B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. However, the amendments have no effect on the Group's financial position and performance as the Group has no interest in a subsidiary, a joint venture or an associate that is classified as held for sale.

The Group has not adopted any new accounting standard, interpretation or amendment that has been issued but is not yet effective.

Going concern

As at 30 June 2017, the Group had net current liabilities of approximately CNY931.6 million and shareholders' deficit of approximately CNY530.2 million. 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 has implemented or is in the process of implementing the following measures, namely: (i) obtaining continuous financial support from Feishang and one entity controlled by Mr. LI Feilie; (ii) entering into loan renewal discussions with banks in due course; and (iii) 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 interim financial information of the Group has been prepared on a going concern basis.

3. OPERATING SEGMENT INFORMATION

During the Reporting Period, the Group had only one operating segment: the construction and development of anthracite coal mines, extraction and sale of anthracite coal, and trading of anthracite coal.

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment. The Group conducts its principal operation in Mainland China. The Group's management monitors the operating results of its business unit for the purpose of making decisions about 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 Reporting Period, revenue derived from sales to the two largest customers amounted to 26.9% and 15.0% of the consolidated revenue, respectively. During the six months ended 30 June 2016, revenue derived from sales to the largest customer amounted to 15.4% of the consolidated revenue.

4. DISCONTINUED OPERATION

Gouchang Coal Mine is a coal mine located in Guizhou Province, the PRC, which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operation of Gouchang Coal Mine has been suspended since March 2013 pending the acquisition of a nearby coal mine and Gouchang Coal Mine achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. The Group therefore planned to close down Gouchang Coal Mine in accordance with the second batch of the restructuring proposals approved by the Energy Bureau of Guizhou Province* (貴州省能源局) and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation* (貴州省煤礦企業兼併重組工作領導小組辦公室) on 5 January 2016. In the first half of 2017, substantially all the work at Gouchang Coal Mine had ceased, therefore, the operating results have been reclassified to discontinued operation for the purpose of preparing the interim condensed consolidated statement of profit or loss.

* *For identification purpose only*

The results of Gouchang Coal Mine for the Reporting Period and six months ended 30 June 2016 are presented below:

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Administrative expenses	**–**	(609)
Impairment loss on property, plant and equipment	**(277)**	–
OPERATING LOSS	**(277)**	(609)
Finance costs	**–**	(25)
LOSS BEFORE INCOME TAX	**(277)**	(634)
Income tax benefit	**–**	–
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION	**(277)**	(634)
Attributable to:		
Owners of the parent	**(274)**	(628)
Non-controlling interest	**(3)**	(6)
	(277)	(634)

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

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Operating activities	**–**	(1,094)
Investing activities	**(116)**	–
Financing activities	**101**	1,102
Net cash (outflow)/inflow	**(15)**	8

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

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the parent from discontinued operation	**(274)**	(628)
Weighted average number of ordinary shares ('000 shares)		
Basic	**1,380,546**	1,380,546
Diluted	**1,380,546**	1,380,546
Loss per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic, from discontinued operation	*	*
Diluted, from discontinued operation	*	*

* *Insignificant*

5. REVENUE FROM CONTINUING OPERATIONS

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

6. FINANCE COSTS FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**31,274**	32,900
Interest on payables for mining rights	**1,173**	1,078
Total interest expense	**32,447**	33,978
Bank charges	**396**	472
Discount interest	**3,720**	8,032
Accretion expenses	**522**	475
	37,085	42,957

7. PROFIT/LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Crediting:		
Interest income on bank deposits	**3,344**	2,226
Government grant	**14,017**	–
Charging:		
Cost of inventories sold [(a)]	**166,950**	112,990
Sales tax and surcharge	**21,061**	10,147
Utilisation of safety fund and production maintenance fund	**18,552**	16,193
Cost of sales	**206,563**	139,330
Employee benefit expenses	**73,233**	53,520
Depreciation, depletion and amortisation:		
Property, plant and equipment *(Note 11)*	**85,170**	67,469
Impairment loss on property, plant and equipment	**–**	95,494
Impairment of trade and bills receivables	**9,318**	4,739
Impairment of prepayments, deposits and other receivables	**–**	3,215
Repairs and maintenance	**1,096**	515
Losses arising from temporary suspension of production	**–**	528

[(a)] Included in the cost of inventories sold is approximately CNY114.3 million for the Reporting Period (six months ended 30 June 2016: approximately CNY109.0 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.

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 Reporting Period (six months ended 30 June 2016: 16.5%). The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong profits tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong profits tax was made as this operation sustained tax losses during the six months ended 30 June 2017 and 2016. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

Under the Law of the PRC on the corporate income tax ("**CIT**") and Implementation Regulation of the Corporate Income Tax Law (the "**CIT Law**") collectively, the tax rate applicable for PRC group entities is 25% (six months ended 30 June 2016: 25%).

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

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

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**37,405**	6,270
Deferred – Mainland China	**10,739**	(2,410)
	48,144	3,860

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

	At 30 June 2017	At 31 December 2016
	CNY'000	*CNY'000*
	(Unaudited)	(Audited)
Deferred tax assets		
Accrued liabilities and other payables	**1,380**	1,443
Capitalised pilot run income	**14,354**	14,787
Tax losses	**16,881**	22,269
Depreciation of property, plant and equipment	**33,545**	36,434
Bad debt provision	**8,375**	6,375
	74,535	81,308
Deferred tax liabilities		
Depreciation and fair value adjustment of property, plant and equipment*	**(156,343)**	(152,377)
Net deferred tax liabilities	**(81,808)**	(71,069)
Classification in the consolidated statement of financial position:		
Deferred tax assets	**47,319**	55,912
Deferred tax liabilities	**(129,127)**	(126,981)

* Included in the deferred tax liabilities, there were deferred tax liabilities of approximately CNY117.7 million and approximately CNY117.8 million recognised relating to the fair value adjustment on property, plant and equipment as at 30 June 2017 and 31 December 2016, 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 the profitability of these coal mining subsidiaries based on their production plans, product mix, forecasted selling prices, and the related production and operational costs, where strong profits are expected.

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.

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

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

	Six months ended 30 June	
	2017	2016
	CNY'000	*CNY'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to ordinary equity holders of the parent:		
from continuing operations	**37,102**	(164,888)
from discontinued operation	**(274)**	(628)
Weighted average number of ordinary shares ('000 shares):		
Basic	**1,380,546**	1,380,546
Diluted	**1,380,546**	1,380,546
Profit/(loss) per share attributable to ordinary equity holders of the parent (CNY per share):		
Basic		
from continuing operations	**0.03**	(0.12)
from discontinued operation	*****	*
Diluted		
from continuing operations	**0.03**	(0.12)
from discontinued operation	*****	*

* *Insignificant*

The Company did not have any potential diluted shares throughout the Reporting Period. Accordingly, the diluted profit/loss per share amounts are the same as the basic profit/loss per share amounts.

10. DIVIDEND

No dividend has been paid or declared by the Company for the Reporting Period (six months ended 30 June 2016: Nil).

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 approximately CNY20.9 million (six months ended 30 June 2016: approximately CNY73.0 million) and approximately CNY108.6 million (six months ended 30 June 2016: approximately CNY39.1 million), respectively.

During the Reporting Period, the total depreciation accrued was approximately CNY85.2 million (six months ended 30 June 2016: approximately CNY67.5 million) (Note 7).

As at 30 June 2017, certain mining rights with a carrying amount of approximately CNY599.7 million (31 December 2016: approximately CNY506.4 million) were pledged to secure bank loans with a carrying amount of approximately CNY540.9 million (31 December 2016: approximately CNY491.8 million) (Note 14).

As at 30 June 2017, certain machinery and equipment with a carrying amount of approximately CNY188.9 million (31 December 2016: CNY200.0 million) were pledged to secure loans with a carrying amount of approximately CNY165.3 million (31 December 2016: CNY194.0 million) (Note 14).

As at 30 June 2017, certain buildings with a carrying amount totalling approximately CNY81.0 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 use. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the abovementioned 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 the end of the period.

The Group incurred no impairment loss on property, plant and equipment from the continuing operations for the Reporting Period (six months ended 30 June 2016: approximately CNY95.5 million), while an impairment loss of approximately CNY0.3 million was recognised in the discontinued operation of Gouchang Coal Mine.

12. TRADE AND BILLS RECEIVABLES

	At 30 June 2017 CNY'000 (Unaudited)	At 31 December 2016 CNY'000 (Audited)
Trade receivables	**182,094**	128,106
Less: Provision for impairment	**(59,210)**	(49,892)
	122,884	78,214
Bills receivable	**66,379**	29,466
	189,263	107,680

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

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

	At 30 June 2017 CNY'000 (Unaudited)	At 31 December 2016 CNY'000 (Audited)
Within 3 months	**93,752**	45,007
3 to 6 months	**7,049**	2,502
6 to 12 months	**11,733**	3,922
Over 12 months	**10,350**	26,783
	122,884	78,214

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

	At 30 June 2017 CNY'000 (Unaudited)	At 31 December 2016 CNY'000 (Audited)
Neither past due nor impaired	**93,752**	45,007
Within one year past due	**20,236**	20,663
More than one year past due	**8,896**	12,544
Trade receivables, net	**122,884**	78,214

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.

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

	At 30 June 2017 *CNY'000* **(Unaudited)**	At 31 December 2016 *CNY'000* (Audited)
At the beginning of the period/year	**49,892**	59
Impairment losses recognised	**9,318**	49,833
At the end of the period/year	**59,210**	49,892

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

13. TRADE AND BILLS PAYABLES

	At 30 June 2017 *CNY'000* **(Unaudited)**	At 31 December 2016 *CNY'000* (Audited)
Trade payables[(a)]	**222,988**	227,402
Bills payable	**–**	310,000
	222,988	537,402

(a) Included in trade payables were approximately CNY138.9 million (31 December 2016: approximately CNY174.7 million) due to construction related contractors as at 30 June 2017.

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

	At 30 June 2017 *CNY'000* **(Unaudited)**	At 31 December 2016 *CNY'000* (Audited)
Within one year	**124,834**	183,540
More than one year	**98,154**	43,862
	222,988	227,402

Bills payable are bills of exchange with maturity of less than one year. Time deposits of CNY230.0 million were pledged to secure the bank bills as at 31 December 2016.

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 contractors, which are repayable on terms ranging from three months to approximately one year.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2017 *CNY'000* **(Unaudited)**	At 31 December 2016 *CNY'000* (Audited)
Current		
Bank and other borrowings – guaranteed	**73,000**	23,000
Bank and other borrowings – unsecured	**11,200**	–
Bank and other borrowings – secured and guaranteed	**505,000**	420,000
Current portion of long term bank and other borrowings – secured and guaranteed	**97,470**	130,588
Current portion of long term bank and other borrowings – guaranteed	**84,000**	30,000
	770,670	603,588
Non-current		
Bank and other borrowings – guaranteed	**54,000**	108,000
Bank and other borrowings – secured and guaranteed	**103,704**	135,202
	157,704	243,202
	928,374	846,790

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 CNY599.7 million (31 December 2016: approximately CNY506.4 million) as at 30 June 2017 (Note 11);

(2) Pledges over machinery and equipment owned by Guizhou Dayun Mining Co., Ltd. ("**Guizhou Dayun**"), Jinsha Juli Energy Co., Ltd. ("**Jinsha Juli**") and Guizhou Yongfu Mining Co., Limited ("**Guizhou Yongfu**") with a carrying amount of approximately CNY188.9 million (31 December 2016: CNY200.0 million) as at 30 June 2017 (Note 11);

(3) Pledges over the Company's equity interest in Guizhou Puxin Energy Co., Ltd. ("**Guizhou Puxin**") and Guizhou Dayun as at 30 June 2017 and 31 December 2016; and

(4) Pledges of shares of Jiangsu Shagang Co., Ltd. by Mr. LI Feiwen, an associate of Mr. LI Feilie, in favour of the Group.

In addition, Mr. LI Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY756.2 million (31 December 2016: approximately CNY685.8 million) as at 30 June 2017. Also, the Group's fellow subsidiaries have guaranteed certain of the Group's interest-bearing bank and other borrowings up to approximately CNY917.2 million (31 December 2016: approximately CNY846.8 million) as at 30 June 2017.

All borrowings are denominated in CNY.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of report on review of interim financial information for the Reporting Period issued by the Group's independent auditor:

"Conclusion

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

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 2 to the interim financial information which indicates that the Group has net current liabilities of approximately CNY931.6 million and shareholders' deficit of approximately CNY530.2 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

Owing to the improvement in external environment, the rise in commodities' price and the warm-up of domestic real estate market in the first half of 2017, the Chinese economy has maintained a momentum of steady and sound growth, with gross domestic product growth rate of 6.9% as compared with the same period of 2016. In the relatively favourable economic condition, the iron and steel industry improved significantly, the cement industry also became profitable, and the power generation and consumption of the whole society showed positive growth momentum. Attributed to the strong demand from down-stream industries and the continuing implementation of cutting excess capacity in the coal sector, coal price went through sharp fluctuations at a high level in the first half of 2017. As of 30 June 2017, the average Bohai-Rim Steam-Coal Price Index was reported at CNY590 per tonne, surging by 53% as compared to that of CNY387 per tonne in 2016. The coal price in Guizhou province also witnessed strong rebound.

The Group seized the opportunities of the growing market, drew on the Group's own coal beneficiation plant, coal washing facility and high sieving systems to perform coal washing and efficient coal blending. Accordingly, the Group was able to boost its turnover by 1.2 folds during the Reporting Period through the supply of customised coal products with different specifications and stable quality to different customers compared to that of the same period in 2016. Meanwhile, the Group took this golden opportunity to secure additional market share by giving first priority to the demand from major customers such as cement plants by slight price concession. Besides, the Group adhered to the "payment before delivery" term to non-strategic customers to reduce working capital cycle. Benefited from the implementation of the aforesaid measures as well as the recovery of the coal industry as a whole, the average selling price of the Group's self-produced products increased by approximately 109.6% in the first half of 2017 compared to that of the same period in 2016.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's revenue increased by approximately 122.9% from approximately CNY189.0 million for the six months ended 30 June 2016 to approximately CNY421.4 million for the Reporting Period. The increase in revenue of approximately CNY232.4 million during the Reporting Period was mainly attributable to (i) the increase in revenue of approximately CNY4.5 million from sales of third party coal which resumed from August 2016; and (ii) the increase in revenue of approximately CNY227.9 million from sales of self-produced anthracite coal which was contributed by the slight increase in sales volume and the surge in average selling price, especially in the average selling price of processed coal (including coal screening and/or coal washing and coal blending), in the first half of 2017. The sales volume of self-produced anthracite coal increased slightly from 894,400 tonnes for the six months ended 30 June 2016 to 941,234 tonnes for the Reporting Period, representing a rise of approximately 5.2%. The average selling price of self-produced anthracite coal rose from CNY211.4 per tonne for the six months ended 30 June 2016 to CNY443.0 per tonne for the Reporting Period, representing a rise of approximately 109.6%, due to the recovery on the market price of coal in Guizhou province since the fourth quarter of 2016.

The Group's revenue from sales of processed self-produced coal increased from approximately CNY128.8 million with sales volume of 537,585 tonnes for the six months ended 30 June 2016 to approximately CNY274.3 million with sales volume of 501,923 tonnes during the Reporting Period. The increase in revenue from sales of processed self-produced coal was mainly due to the rise in average selling price from CNY239.5 per tonne for the six months ended 30 June 2016 to CNY546.5 per tonne during the Reporting Period. The reasons for the rise in average selling price had been discussed above.

Cost of Sales

The Group's cost of sales increased by approximately 48.3% from approximately CNY139.3 million for the six months ended 30 June 2016 to approximately CNY206.6 million for the Reporting Period mainly due to the increase in material, fuel and energy costs, depreciation and sales tax and levies.

Cost of Sales for Coal Mining

Labour costs for the Reporting Period were approximately CNY45.1 million, representing an increase of approximately CNY2.2 million, or approximately 5.3%, as compared with approximately CNY42.9 million for the six months ended 30 June 2016. The slight increase in labour costs was generally in line with the slight increase in sales volume and the unit cost of labour costs kept stable.

Material, fuel and energy costs for the Reporting Period were approximately CNY39.5 million, an increase of approximately CNY26.4 million, or approximately 202.6%, as compared with approximately CNY13.1 million for the six months ended 30 June 2016. The increase in material, fuel and energy costs was higher than the increase in sales volume of the Group's self-produced anthracite products for the Reporting Period mainly due to the increase in the repair and maintenance of mining machinery and equipment and purchase of materials and facilities for safety work.

Depreciation and amortisation for the Reporting Period were approximately CNY77.3 million, representing an increase of approximately CNY12.9 million, or approximately 20.0%, as compared with approximately CNY64.4 million for the six months ended 30 June 2016. The increase in depreciation and amortisation for the Reporting Period was caused by the larger depreciable base arising from the increase in property, plant and equipment at Yongsheng Coal Mine and Dayun Coal Mine and the increase in production volume at Baiping Coal Mine.

Taxes and levies for the Reporting Period were approximately CNY19.8 million, an increase of approximately CNY9.7 million or approximately 95.8% as compared with approximately CNY10.1 million for the six months ended 30 June 2016. This increase in the taxes and levies for the Reporting Period, which mainly consisted of the ad valorem resource tax, was mainly due to the rise in the average selling price of anthracite coal.

Cost of Sales for Coal Processing

Coal processing cost, which included coal screening costs and/or coal washing costs and coal blending costs, increased from approximately CNY7.6 million for the six months ended 30 June 2016 to approximately CNY21.3 million for the Reporting Period. This was mainly due to (i) the increase in labour costs, which was mainly due to the increase in staff headcount and bonus; (ii) the increase in material, fuel and energy costs, which was mainly due to the increase in purchase of materials and facilities for environment protection and repair and maintenance of equipment; (iii) the increase in depreciation, which was mainly due to the increase in property, plant and equipment in Jinsha Juli; and (iv) the increase in the taxes and levies, which mainly consisted of the ad valorem levies based on value-added tax, mainly due to the rise in the average selling price of anthracite coal.

Breakdown of the Group's Unit Cost of Sales

	Six months ended 30 June	
	2017	2016
Cost Items for Coal Mining Activities	***CNY/tonne***	*CNY/tonne*
Labour costs	**47.9**	47.9
Raw materials, fuel and energy	**42.0**	14.6
Depreciation and amortisation	**82.1**	72.1
Taxes & levies payable to governments	**21.1**	11.3
Other production-related costs	**3.6**	1.4
Total unit cost of sales for coal mining	**196.7**	147.3

Cost Items for Coal Processing Activity	Six months ended 30 June **2017** *CNY/tonne*	2016 *CNY/tonne*
Labour costs	**15.6**	7.4
Materials, fuel and energy	**17.0**	3.0
Depreciation	**6.3**	3.0
Taxes & levies payable to governments	**2.4**	–
Other coal processing related costs	**1.2**	0.6
Total unit of cost of sales for coal processing	**42.5**	14.0

Gross Profit and Gross Margin

As a result of the foregoing, the overall gross profit increased by approximately 332.2% from approximately CNY49.7 million for the six months ended 30 June 2016 to approximately CNY214.9 million for the Reporting Period. The overall gross margin, which is equal to gross profit divided by revenue, increased from approximately 26.3% for the six months ended 30 June 2016 to approximately 51.0% for the Reporting Period. For the self-produced anthracite coal, the gross profit increased by approximately 323.2% from approximately CNY49.7 million for the six months ended 30 June 2016 to approximately CNY210.4 million for the Reporting Period and the gross margin increased from approximately 26.3% for the six months ended 30 June 2016 to approximately 50.5% for the Reporting Period. This was mainly due to the rise in average selling price as discussed above.

Impairment Loss on Property, Plant and Equipment

The Group had no impairment loss on property, plant and equipment for the Reporting Period in connection with the recovery on coal price, as compared with an impairment loss on property, plant and equipment of approximately CNY95.5 million for the six months ended 30 June 2016 in connection with the suspension of Dayuan Coal Mine.

Non-operating Income/(Expenses), Net

The net non-operating income was approximately CNY11.5 million for the Reporting Period compared to the net non-operating expenses of approximately CNY2.6 million for the six months ended 30 June 2016, mainly due to Yongsheng Coal Mine's receipt of the price subsidy of thermal coal from local government for supply of thermal coal to power plants during the Reporting Period.

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

The profit attributable to owners of the parent from continuing operations for the Reporting Period was approximately CNY37.1 million, an increase of approximately CNY202.0 million from the loss of approximately CNY164.9 million for the six months ended 30 June 2016. This was mainly caused by (i) the increase of approximately CNY165.2 million in gross profit resulting from the rise in average selling price during the Reporting Period; (ii) the approximately CNY95.5 million decrease in impairment loss of coal mines from approximately CNY95.5 million of Dayuan Coal Mine for the six months ended 30 June 2016 to nil for the Reporting Period; and (iii) the increase of approximately CNY14.1 million in net non-operating income mainly due to Yongsheng Coal Mine's receipt of the price subsidy of thermal coal from local government for supply of thermal coal to power plants. The increase in profit was partially offset by (i) an increase of approximately CNY44.3 million in income tax expense mainly due to a decrease of impairment loss on property, plant and equipment and the increase in profit before income tax during the Reporting Period; (ii) an increase of approximately CNY15.5 million in administrative expenses mainly due to an increase in staff cost and travel and entertainment expenses; and (iii) an increase of approximately CNY10.0 million in selling expenses mainly due to an increase in transportation fee and staff cost.

Discontinued Operation

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

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

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2016 and 30 June 2017, the Group had net current liabilities of approximately CNY815.5 million and approximately CNY931.6 million, respectively. All the borrowings are denominated in CNY. The Group has not engaged any foreign currency contract to hedge the potential foreign currency exchange exposure. The Group intends to fund the cash requirements with additional bank and other borrowings, and/or possible equity financing.

No equity fund raising activity was conducted by the Company during the Reporting Period. As at 30 June 2017, the Group had cash and cash equivalents of approximately CNY71.7 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 30 June 2017, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY770.7 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY157.7 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie and/or companies controlled by him and Mr. LI Feiwen, an associate of Mr. LI Feilie, and some of the Group's bank borrowings are secured by pledges of the mining rights, machinery and equipment owned by Guizhou Dayun, Jinsha Juli and Guizhou Yongfu, and equity interests in Guizhou Puxin and Guizhou Dayun. As at 30 June 2017, the Group had loans amounting to approximately CNY238.3 million with fixed interest rates ranging from 5.0025% to 9.34% per annum. The remaining loans held by the Group as at 30 June 2017 had floating interest rates ranging from 4.785% to 6.37% per annum.

Currency Exposure and Management

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

Capital Commitments

As at 30 June 2017, 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 approximately CNY58.6 million.

Contingent Liabilities

As at 30 June 2017, 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 2016 and 30 June 2017, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year/Reporting Period and multiplying by 100%) was 289.8% and 220.0%, respectively. The gearing ratio decreased in 2017 as the Group recorded a turnaround from loss to profit for the Reporting Period.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Reporting Period (six months ended 30 June 2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed 373 full time employees (not including 1,384 workers provided by third party labour agencies) for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY79.8 million (including payment to workers provided by third party labour agencies) for the Reporting Period (six months ended 30 June 2016: approximately CNY69.0 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

In accordance with the Report on the Work of the Government delivered by the Premier of the State Council at the Fifth Session of the 12th National People's Congress of the PRC on 5 March 2017, a minimum of 150 million tonnes of nationwide coal production facilities are planned to be shut down by the end of 2017. Approximately 65% of the proposed coal production facilities have been shut down in the first half of 2017 and the remaining 35% is forthcoming in the second half. With the further advancement of the supply-side reform in the coal sectors and the gradual stabilisation of the Chinese economy, it is expected that the overcapacity in the coal market will be ameliorated remarkably and coal price will move within an appropriate range, thus ensuring the sustained profitability of most coal producers. It is also expected that the coal industry will emerge from downturn on the whole and perform in a healthy and stable manner in the second half of 2017. The Group intends to increase the Group's overall competitiveness by continuing the expansion of the existing port, transportation belt and coal washing plant and optimise mining plan to reduce production cost and enhance production efficiency. The Group believes that by improving product quality and adopting flexible sales policy, it will cater to different specification requirements of more customers and penetrate the surrounding coal market. The Company stands ready for the situation of cutting overcapacity in the coal sectors in China and will spare no effort to provide investors of the Company with more promising returns.

The Company will also consider other business projects that can provide its shareholders with promising returns and benefit the Group as a whole as and when suitable opportunities arise.

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 PRACTICES

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 code provision A.2.1 as set out below.

Chairman and Chief Executive

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

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision of the CG Code with Mr. HAN Weibing being the chairman and chief executive officer of the Company concurrently. The Board considers this arrangement is 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 senior management as well as relevant Board committees. The Board is therefore of the view that there are adequate measures in place to balance power and safeguard shareholders' interests.

SUBSEQUENT EVENTS

On 31 July 2017, Guizhou Puxin received and fully drew down a CNY18.0 million short-term bank loan from Guiyang Bank to be repaid on 27 July 2018. The purpose of the loan is to purchase coal. The loan bears a fixed annual interest rate equal to 20% above the one-year base lending rate stipulated by the People's Bank of China (4.35% per annum, resulting in an annual interest rate of 5.22% per annum).

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, risk management and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HU Yongming. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group's interim financial information for the Reporting Period.

The interim financial information of the Group for the Reporting Period has not been audited, but has been reviewed by the Company's auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's independent review report to the Board is included in the interim report to be sent to shareholders.

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 on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.fsanthracite.com**) in due course.

APPRECIATION

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

By Order of the Board
Feishang Anthracite Resources Limited
HAN Weibing
Chairman and Chief Executive Officer

Hong Kong, 31 August 2017

As at the date of this announcement, the executive Directors are Mr. HAN Weibing (Chairman and 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 are Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HU Yongming.