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

2015
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LI Feilie *(Chairman)*
Mr. HAN Weibing
(Appointed as Chief Executive Officer on 29 March 2016)
Mr. WAN Huojin
Mr. TAM Cheuk Ho
Mr. WONG Wah On Edward
Mr. YUE Ming Wai Bonaventure

Independent Non-executive Directors

Mr. LO Kin Cheung
Mr. HUANG Zuye
Mr. HUANG Songzhong

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. YUE Ming Wai Bonaventure

AUDIT COMMITTEE

Mr. LO Kin Cheung *(Chairman)*
Mr. HUANG Zuye
Mr. HUANG Songzhong

NOMINATION COMMITTEE

Mr. HUANG Zuye *(Chairman)*
Mr. LO Kin Cheung
Mr. HUANG Songzhong
Mr. LI Feilie
Mr. TAM Cheuk Ho

REMUNERATION COMMITTEE

Mr. HUANG Songzhong *(Chairman)*
Mr. HUANG Zuye
Mr. LO Kin Cheung
Mr. LI Feilie
Mr. HAN Weibing

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. HUANG Songzhong *(Chairman)*
Mr. WAN Huojin
Mr. HAN Weibing

AUDITORS

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

REGISTERED OFFICE

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Road Town, Tortola
British Virgin Islands

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COMPANY'S WEBSITE

http://www.fsanthracite.com

COMPANY'S STOCK CODE

1738.HK

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISERS

(As to Hong Kong Law)
MinterEllison

(As to PRC Law)
Commerce & Finance Law Offices

(As to British Virgin Islands Law)
Maples and Calder

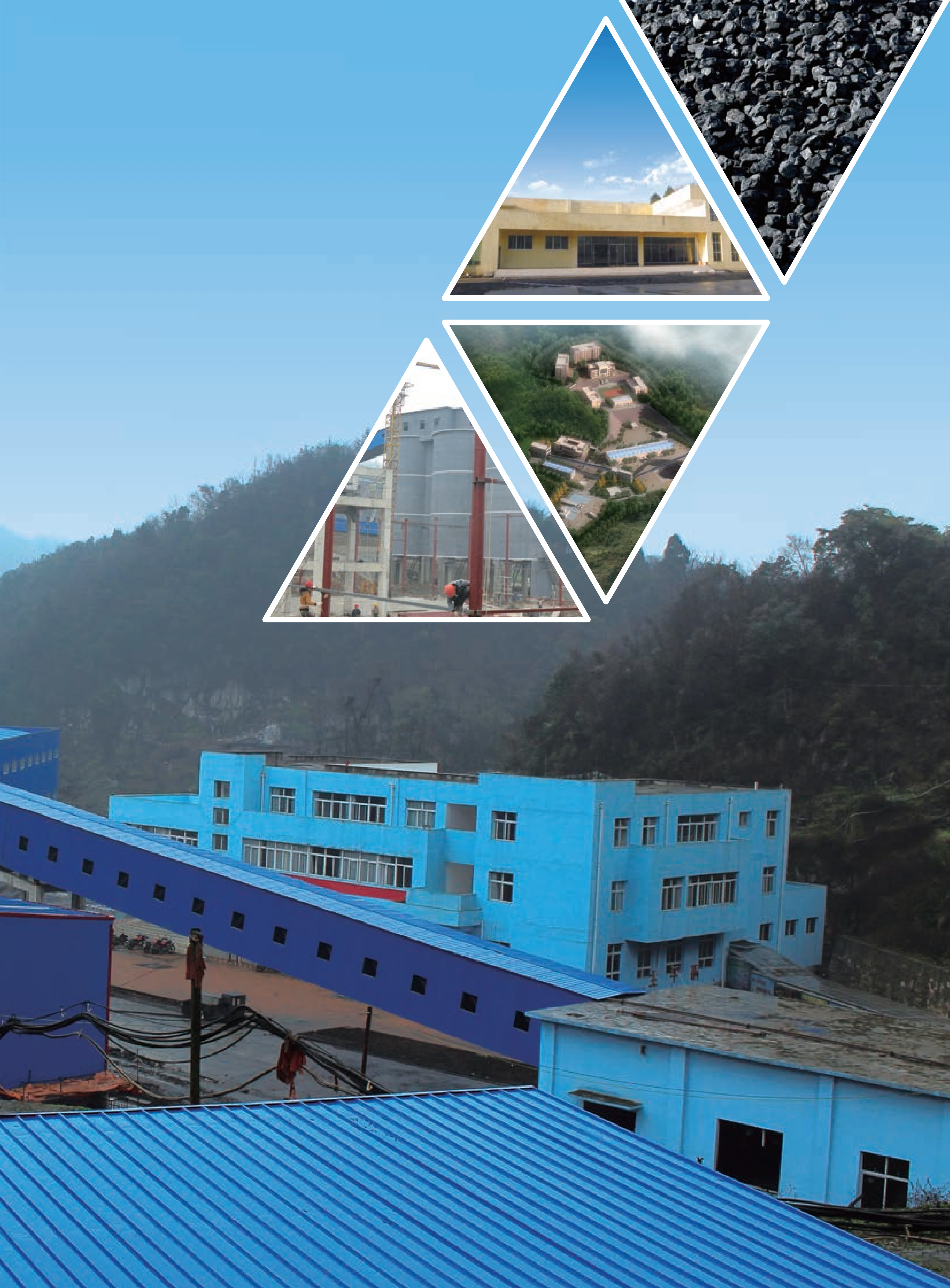
COMPLIANCE ADVISER

Celestial Capital Limited
21/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

We are committed to becoming one of the most competitive anthracite resource enterprises in Southwest China



CHAIRMAN'S STATEMENT

Chairman of the Board of Directors
LI Feilie

On behalf of the board (the "Board") of directors (the "Directors") of Feishang Anthracite Resources Limited ("Feishang Anthracite" or the "Company"), I present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

REVIEW

In 2015, the Chinese economy further slowed down, and the economic recession deepened. According to the National Bureau of Statistics of China, the year-on-year Gross Domestic Product growth rate in 2015 was 6.9%, representing a 0.5 percentage point decrease from 2014. As a result of the continued economic slowdown, accelerating structural adjustment and the gloomy fixed asset and infrastructure investment environment, the overall coal market in China further deteriorated during the financial year. Oversupply and slashed demand continued to drive the price of coal down throughout 2015. On 31 December 2014, 30 June 2015 and 31 December 2015, the Bohai-Rim Steam-Coal Price Index (BSPI) closed at CNY525 per tonne, CNY418 per tonne and CNY372 per tonne respectively, representing a sharp 20.4% decline in the first half of 2015 and a further 11% decline in the second half. The price of chemical coal and thermal coal, where the Group's main product categories belong, also followed a clear downward trend, although the chemical coal price index showed signs of stability for a number of short intervals.

Overall, during 2015, the coal industry in China in general suffered from a combination of decreased sales volume and descending prices which resulted in a substantial fall in profit levels and an ever-expanding scale of loss. According to data from the National Bureau of Statistics of China, in 2015, China's coal mining and washing industry experienced a year-on-year profit slump of over 60%.

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

On 30 June 2015, the Company acquired Hongkong Madia Investment Manage Co., Limited ("Hongkong Madia") from its original shareholders at a consideration payable upon the satisfactions of various conditions subsequent including the completion of restructuring of Hongkong Madia by 31 December 2015. The intention of this transaction was to explore other investment opportunities and to broaden the Company's investment portfolio, diversify its operations and increase its income stream by exploring TV broadcasting operations overseas. However, since the execution of the relevant sale and purchase agreement, the original shareholders have failed to carry out their obligations in procuring the completion of the restructuring of Hongkong Madia by 31 December 2015. In view of the original shareholders' breach and hence the failure to complete the restructuring, the Company would not be able to control or have significant influence on the management, financial and operational policies of the overseas operations of Hongkong Madia. As such, the Directors consider that it is in the interest of the Company and its shareholders as a whole to sell Hongkong Madia back to one of its original shareholders. The disposal was completed on 23 December 2015.

OUTLOOK

In May 2015, the National Energy Administration and the State Administration of Coal Mine Safety jointly issued the Notice on Promoting Elimination of Inefficient Coal Industry Production Capacity in 2015, which stipulated the nationwide plans of coal mine elimination. A total number of 1,254 coal mines, equivalent to inefficient production capacity of 77.79 million tonnes per year were to be eliminated, leading to a decrease in total production capacity nationwide of merely 1.5%, with only minor impact on the current situation of overcapacity in the coal industry. 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 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. 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. The Company will 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.

APPRECIATION

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

LI Feilie
Chairman

Hong Kong, 29 March 2016

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 beneficiation 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.

	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Liujiaba Coal Mine	Zhulinzhai Coal Mine	Gouchang Coal Mine	Dayuan Coal Mine	Total
Production Output -								
Trial Run (in tonnes)	n/a	n/a	231,063	n/a	n/a	n/a	n/a	231,063
Commercial Run (in tonnes)	143,731	855,000	451,448	–	–	n/a	–	1,450,179
Sales Volume (in tonnes)	149,083	827,205	491,069	–	–	n/a	–	1,467,357
Turnover (in CNY million)	19.6	151.2	69.1	–	–	n/a	–	239.9
Average Selling Price (in CNY)	131.3	182.8	140.7	–	–	n/a	–	163.5

Compliance

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

Risk Management

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

To ensure that the Group's anthracite coal meets the requirements of the customers, the Group has established laboratories to test the coal quality. The staff in laboratories are responsible for monitoring anthracite coal production process, conducting inspection and testing of anthracite coal and performing on-site inspections at coal mines.

Customer and Supplier Relationship

In 2014 and 2015, the Group's largest customer accounted for approximately 19.3% and 19.4% of the Group's total sales, respectively and the Group's five largest customers accounted for approximately 62.8% and 50.3% of the Group's total sales, respectively.

The major suppliers for the Group's mining operations include third party contractors and suppliers of ancillary materials used in the mining operations. In 2014 and 2015, the largest supplier accounted for approximately 11.0% and 8.6%, of the total purchases, respectively, and the total purchases (including those from coal mine construction contractors) from the five largest suppliers accounted for approximately 36.2% and 32.2% of the total purchases, respectively.

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

Due to the downturn of electric power industry and the corresponding sluggish demand for thermal coal, the Group took advantage of the wholly owned coal beneficiation plant and shipping port to develop new chemical coal and cement plant fuel coal customers in order to replace some of the thermal coal customers. As of the date of this report, the Group has maintained sound business relationships with its major customers.

Similar to other companies in the industry, the Group's accounts payable turnover days to our major suppliers was extended. The average accounts payable turnover days (which is calculated by dividing the arithmetic mean of opening and ending balance of accounts payable (excluding amounts due to construction-related contractors) for the year by cost of sales in the year and then multiplying by 360 days) in year 2015 was approximately 92 days, compared to approximately 60 days in 2014. As of the date of this report, the Group did not have any major outstanding disputes in relation to accounts payable and the Group's business relationships with its suppliers were fair.

Employees and Remuneration Policy

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

As at 31 December 2015, the Group employed 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 and payment to workers provided by third party labour agencies) amounted to approximately CNY91.4 million for the year ended 31 December 2015 (2014: CNY117.1 million).

The Company adopted the share option scheme as an incentive to Directors and eligible employees of the Group, details of which are set out in note 29 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" in the section headed "Report of the Directors" of this report.

Due to the gloomy industry environment, the Group implemented certain cost saving measures similar to those undertaken by companies in the same industry, including layoffs, pay cuts, etc., to reduce the Group's cash flow pressure. The Group managed to resolve disputes with some employees through labour arbitration, and the relationship with the core workforce was generally fair as of 31 December 2015 and the date of this report.

Community Relationship

The Group understands the importance of relationships with its surrounding communities. The Group has made community donations in Jinsha county from time to time.

Environmental Policy and Measure

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

The Group believes that environmental conservation and protection is necessary and endeavours to comply with environmental laws, rules and regulations relating to, among others, gas and water emissions, hazardous substances and waste management, and promotes awareness towards environmental protection to the employees. The Group aims to follow the principle of "Recycling and Reducing" and has implemented green office practices such as encouraging double-sided printing and copying, promoting the usage of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances, all of which reflects the Group's firm commitment to environmental conservation and protection.

The Group is also committed to environmental protection in its operations and has made financial commitments towards the construction of environmental protection facilities and the establishment of an environmental protection management and monitoring system. In 2015, the cost of compliance with environmental obligations was approximately CNY7.2 million, of which approximately CNY5.3 million was related to the construction of environmental protection facilities at Dayun Coal Mine. The Group has set aside restricted cash and placed cash with the relevant government authorities for the purpose of future environmental rehabilitation obligations as well as the settlement of asset retirement obligations. As at 31 December 2015, the rehabilitation fund was approximately CNY11.1 million.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses.

Safety Measure

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

FINANCIAL REVIEW

Items of the Consolidated Statement of Profit or Loss

Items	**For the year ended 31 December 2015 CNY'000**	For the year ended 31 December 2014 CNY'000	Change (%)
Continuing Operations			
Revenue	**239,888**	363,365	(34.0%)
Cost of sales	**237,741**	276,147	(13.9%)
Gross profit	**2,147**	87,218	(97.5%)
Selling and distribution expenses	**8,957**	8,774	2.1%
Administrative expenses	**78,168**	112,971	(30.8%)
Impairment loss on property, plant and equipment	**383,615**	66,397	477.8%
Finance costs	**118,666**	144,099	(17.6%)
Income tax benefit	**86,393**	27,877	209.9%
Loss attributable to the owners of the Company	**(488,400)**	(220,727)	121.3%
Discontinued Operations			
Loss before income tax	**(28,944)**	(2,129)	1,259.5%
Income tax benefit/expense	**2,096**	(773)	(371.2%)
Loss attributable to the owners of the Company	**(26,580)**	(2,873)	825.2%

Continuing Operations

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 a 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 when 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 due to the economies of scale achieved 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 the 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 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 People's Republic of China ("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 CNY/tonne	2014 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 CNY/tonne	2014 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 discontinuation of tax expenses of resources compensation fee, property tax and land usage tax based on sales 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 discontinuation 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 has been suspended pending the acquisition of a nearby coal mine and achieving certain production targets in accordance with Guizhou Province's coal mine consolidation policy. 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 intends to either dispose of Gouchang Coal Mine or suspend/close it until the consolidation with Yongsheng Coal Mine of the Group in accordance with the relevant Guizhou Province's coal mine consolidation policy.

In view of the above, the 2015 operating results relating to Gouchang Coal Mine have been reclassified to discontinued operations.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Resources and Capital Structure

As of 31 December 2014 and 31 December 2015, the Group had net current liabilities of approximately CNY1,026.6 million and CNY883.1 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 short-term and long-term bank and other borrowings, and/or possible equity financing.

In December 2014, the Company obtained approximately HK$160.9 million by the issuance of 13,500,000 new ordinary shares of HK$0.01 each to not less than six placees who are not connected persons of the Company at the placing price of HK$12.00 per share in order to strengthen its capital base. The aggregate nominal value of the placing shares under the placing was HK$135,000. The closing price per share as at 10 December 2014, the date of entering into the placing agreement, was HK$12.70. Approximately HK$124.1 million were used for bank loan repayment, approximately HK$24.8 million were used for general working capital of our coal mines' operation in Guizhou, approximately HK$8.2 million were used for payment of professional fee and daily expenses of the Company, and the remaining HK$3.8 million were deposited in a licensed bank in Hong Kong.

No equity fund raising activity was conducted by the Company during the year ended 31 December 2015. As at 31 December 2015, the Group had cash and cash equivalents of approximately CNY71.9 million.

The interest-bearing loans consist of short-term and long-term bank and other borrowings. As at 31 December 2015, the total outstanding amount of the Group's short-term bank and other borrowings and the current portion of the Group's outstanding long-term bank borrowings were approximately CNY675.2 million. The Group had total outstanding long-term bank borrowings (excluding the current portion) of approximately CNY384.8 million. Some of the outstanding bank and other borrowings are guaranteed by Mr. LI Feilie (the chairman of the Company) and/or companies controlled by him and some of the Group's bank and other borrowings are secured by pledges of the mining rights, and equity interests in Guizhou Puxin Energy Co., Ltd. ("Guizhou Puxin") and Guizhou Dayun Mining Co., Ltd. ("Guizhou Dayun") and trade receivables in Guizhou Puxin. As at 31 December 2015, the Group had loans amounting to approximately CNY299.6 million with fixed interest rates ranging from 5.75% to 7.91% per annum. The remaining loans held by the Group as at 31 December 2015 had floating interest rates ranging from 5.22% to 8.63% per annum.

Pledge of Assets of the Group

As at 31 December 2014 and 31 December 2015, certain mining rights with carrying amounts of approximately CNY984.5 million and approximately CNY553.1 million, respectively were pledged to secure bank loans with carrying amounts of approximately CNY718.8 million and approximately CNY552.4 million, respectively.

As at 31 December 2014 and 31 December 2015, the amount of outstanding bank borrowings that were guaranteed by Mr. LI Feilie were approximately CNY989.0 million and approximately CNY702.4 million, respectively and the amount of outstanding bank borrowings that were guaranteed by fellow companies controlled by Mr. LI Feilie were approximately CNY1,274.0 million and approximately CNY850.4 million, respectively.

As at 31 December 2014 and 31 December 2015, equity interest in Guizhou Puxin and Guizhou Dayun were pledged to secure bank loans with carrying amounts of approximately CNY510.0 million and approximately CNY542.4 million, respectively.

As at 31 December 2014 and 31 December 2015, certain trade receivables with carrying amounts of nil and approximately CNY13.1 million in Guizhou Puxin were pledged to secure other borrowings with carrying amounts of nil and approximately CNY11.0 million, respectively.

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.

Gearing Ratio

As at 31 December 2014 and 31 December 2015, the gearing ratio (which is calculated by dividing total interest-bearing debt by total capital at the end of the year and multiplying by 100%) was approximately 92.5% and 151.8%, respectively. The gearing ratio increased in 2015 as the Group incurred losses for the year.

Contingent Liabilities

As at 31 December 2015, except for bank borrowings disclosed above, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

Litigation Progress

According to the announcement made by the Group on 31 October 2014, the Group filed an application for the transfer of mining rights of Yongsheng Coal Mine from Guizhou Yongfu Mining Co., Limited ("Guizhou Yongfu") (a 70% owned subsidiary of the Company) to Guizhou Puxin. On 27 October 2014, the Group received a return notice dated 23 October 2014 from Department of Land and Resources of Guizhou Province in relation to the application. As set out in the return notice, the application was returned because, among other things, the mining rights permit of Yongsheng Coal Mine (which is wholly-owned by Guizhou Yongfu) was frozen pursuant to a notice issued by the relevant governmental authority. The Company has sought legal advice from the PRC legal advisers in relation to the notice. The PRC legal advisers advised that the claimant has no legal ground to claim against Guizhou Yongfu and Yongsheng Coal Mine. In August 2015, the mining right of Yongsheng Coal Mine was transferred from Guizhou Yongfu to Guizhou Puxin successfully.

According to the announcement made by the Group on 31 October 2014, Guizhou Yongfu and Yongsheng Coal Mine, named as co-defendants, received summons in October 2014 from Guiyang City Intermediate People's Court in relation to an action brought by an individual against Hubei Yongfu Investment Co., Ltd., with which the Group has no relationship, to claim for an outstanding principal amount of CNY6.0 million together with interest in the sum of CNY0.9 million accrued from 1 March 2014 to 28 August 2014. The Company has sought legal advice from the PRC legal advisers in relation to the summons. The PRC legal advisers advised that the claimant has no legal ground to claim against Guizhou Yongfu and Yongsheng Coal Mine. Judgement in favour of Guizhou Yongfu and Yongsheng Coal Mine was obtained in May 2015.

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 report.

Currency Exposure and Management

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

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LI Feilie (李非列), aged 49, has been an executive Director since January 2010 and the chairman of the Board since December 2013. Mr. Li stepped down from the position of chief executive officer of the Company on 29 March 2016. He is also a member of the remuneration committee of the Company (the "Remuneration Committee") and nomination committee of the Company (the "Nomination Committee"). Mr. Li is primarily responsible for the overall corporate strategy, planning and business development of the Group and also plays an integral role in supervising the Company's operational management. He has more than 20 years of experience in corporate management and acquisitions. Mr. Li has also served as a director and the chairman of China Natural Resources, Inc. ("CHNR"), a company listed in New York State (stock symbol: CHNR), since February 2006. He has also been a director of Hong Kong Smartact Limited ("Smartact"), a subsidiary of the Company, since April 2010. In addition, Mr. Li has been a director and the chairman of Feishang Enterprise Group Co., Ltd. ("Feishang Enterprise") (including certain of its group companies), the flagship holding company of nonferrous metal production, high-end tertiary health care, transportation and logistics as well as forestry business since June 2000. He is also the director of Laitan Investments Limited and Feishang Group Limited, both of which are the substantial corporate shareholders of the Company. Mr. Li graduated from Peking University (北京大學) with a bachelor's degree and a master's degree in economics in July 1988 and January 1991, respectively. Save as disclosed above, he has not held any directorship in other listed public companies in the past three years.

Mr. HAN Weibing (韓衛兵), aged 44, has been an executive Director since December 2013 and chief executive officer of the Company from 29 March 2016. From December 2013 and up to 28 March 2016, he was the chief operating officer of the Company. He is also a member of the corporate social responsibility committee of the Company (the "Corporate Social Responsibility Committee") and the Remuneration Committee. 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, 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. ("Jinsha Juli"), 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 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.

Mr. WAN Huojin (萬火金), aged 70, was appointed as an executive Director and chief technical officer of the Company in December 2013. He is also a member of the Corporate Social Responsibility Committee. Mr. Wan is primarily responsible for overseeing the coal mine construction and coal production of the Group. He has served as a director of Jinsha Juli, a subsidiary of the Company, since November 2012. Mr. Wan has over 46 years of experience in the mining industry, particularly on coal production. He was the deputy general manager of Guizhou Puxin from March 2010 to June 2010, and has been its general manager since June 2010. His responsibilities include determining and overseeing the overall business strategies and plans, including the plans for coal mine operation and development. During the period between August 1968 and December 2007, Mr. Wan served different positions in Fengcheng Mining Bureau of Jiangxi Province (江西省豐城礦務局) and was finally promoted to its head in January 2001. Mr. Wan graduated from Jiangxi Polytechnic College (江西工業工程職業技術學院) with a secondary vocational school's diploma in coal mining in August 1968. He was accredited as a senior engineer by the Jiangxi Branch of China Universal Allocation Coal Mining Company (中國統配煤礦總公司江西公司) in September 1992. He has received a number of awards in recognition of his contribution to the coal mining industry over the years. Mr. Wan did not hold any directorship in other listed public companies in the past three years.

Mr. TAM Cheuk Ho (**譚卓豪**), aged 53, was appointed as an executive Director of the Company in February 2013. He is also a member of the Nomination Committee. Mr. Tam had been with the CHNR group for more than 20 years and resigned from position of executive vice president and executive director of CHNR in January 2014. He has been appointed as a director of CHNR since April 2015. During the period from May 2002 to April 2003, Mr. Tam was an executive director and the deputy chairman of a Hong Kong listed company engaged in property development and securities investment operations. He has been a partner of a certified public accountant firm in Hong Kong since July 1995, and was the finance director of a private investment company from October 1992 to December 1994. He was the company secretary of a Hong Kong listed company operating Chinese restaurants chain and engaging in property investments from February 1993 to December 2012, and was its financial controller from February to September 1992. From July 1984 to December 1991, Mr. Tam worked at an international certified public accountant firm and his last position at such firm was as an audit manager. Mr. Tam graduated from the Chinese University of Hong Kong with a bachelor of business administration degree in 1984. He was accredited as a certified public accountant (practising) by the Hong Kong Institute of Certified Public Accountants in July 1992, and was admitted as a fellow member in November 1999. He was also admitted as a fellow of the Association of Chartered Certified Accountants in October 1992.Save as disclosed above, Mr. Tam has not held any directorship in other listed public companies in the past three years.

Mr. WONG Wah On Edward (黃華安), aged 52, was appointed as an executive Director of the Company in February 2013. Mr. Wong had been with the CHNR group for more than 20 years and resigned from the positions of chief financial officer, executive director and company secretary in January 2014. He has been appointed as a director of CHNR since April 2015, and an independent non-executive director of Quali-Smart Holdings Limited, a company listed in Hong Kong (stock code: 1348) since September 2015. He has served as a director of Smartact, a subsidiary of the Company, since January 2010. From December 2000 to December 2006, Mr. Wong was an independent non-executive director of a Hong Kong listed company engaged in the trading of construction materials. He has also served as a partner of a certified public accountant firm in Hong Kong since July 1995. From October 1992 to December 1994, Mr. Wong was the deputy finance director of a private investment company. From July 1988 to October 1992, Mr. Wong worked at the audit department of an international certified public accountant firm, providing professional auditing services to clients in a variety of business sectors, and he left the firm as a senior auditor. Mr. Wong graduated from the Hong Kong Polytechnic University with a professional diploma in company secretaryship and administration in 1988. He was accredited as a certified public accountant (practising) by the Hong Kong Institute of Certified Public Accountants in September 1993, and was admitted as a fellow member in November 1999. He was also a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. Save as disclosed above, Mr. Wong has not held any directorship in other listed public companies in the past three years.

Mr. YUE Ming Wai Bonaventure (余銘維), aged 48, was appointed as the chief financial officer and the company secretary of the Company since January 2014, and an executive Director of the Company in May 2015. He was the financial controller of CHNR from 2008 to 2014 and has been appointed as the chief financial officer and the corporate secretary of CHNR since April 2015. He has also been appointed as the company secretary of Feishang Non-metal Materials Technology Limited (a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) (stock code: 8331) since July 2015, and an independent non-executive director of A.Plus Group Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange) (stock code: 8251) since March 2016. Mr. Yue has been an executive director and the legal representative of Shenzhen Chixin Information Consulting Co., Ltd., a subsidiary of the Company, since July 2012. Mr. Yue has over 24 years of experience in accounting, finance and compliance for various industries gained in an international certified public accountant firm, an investment advisory firm, and listed companies in both Hong Kong and New York State. Mr. Yue graduated from Hong Kong Baptist University with a bachelor of business administration degree in 1990 and was awarded a master of science degree in accounting and finance from the University of Manchester in 1994. He is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Hong Kong Institute of Certified Public Accountants, and the Institute of Chartered Accountants in England & Wales. Mr. Yue is also a member of Chartered Accountants Australia & New Zealand and a member accredited in business valuation of the American Institute of Certified Public Accountants. Save as disclosed above, he did not hold any directorship in other listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Kin Cheung (**盧建章**), aged 51, was appointed as an independent non-executive Director of the Company in December 2013. He is also the chairman of audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee and Nomination Committee. He acted as an independent non-executive director of CHNR from December 2004 to June 2006 and an independent non-executive director of China Resources Development, Inc., a member of the predecessor group of CHNR, from May 2000 to December 2004. He also served as an independent non-executive director of a Hong Kong listed company operating Chinese restaurant chains and engaged in property investments during the period from August 2004 to August 2011. Mr. Lo has been the chief financial officer of a private company engaging in the printing business since September 2001. From March 1998 to July 2001, Mr. Lo was an executive director of a Hong Kong listed company then involved in the baby care product industry and the multimedia industry. From July 1986, Mr. Lo spent nearly 12 years with an international certified public accountant firm and his last position at such firm was as a principal. Over these years, Mr. Lo has gained extensive experience in finance and accounting. He graduated from the University of Hong Kong with a bachelor's degree in science in 1986 and completed the advanced management program at Harvard Business School in May 2004. Mr. Lo was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in 2000 and 1994, respectively. He is also a fellow member of the Institute of Chartered Accountants in England and Wales. Save as disclosed above, Mr. Lo has not held any directorship in other listed public companies in the past three years.

Mr. HUANG Zuye (**黃祖業**), aged 71, was appointed as an independent non-executive Director of the Company in December 2013. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Huang has over 35 years of experience in the coal mining industry. He retired from the Coal Mining Engineering Institute of Guizhou Province (貴州省煤礦設計研究院) in April 2005. Prior to that, he had worked at the institute for 30 years since May 1975, serving as its Communist Party of China secretary from December 1997 to March 2005, its head of institute from June 1994 to March 2003, its deputy head of institute from February 1988 to May 1994 and taking positions of assistant engineer and engineer from May 1975 to February 1988. During such period, Mr. Huang's responsibilities ranged from project construction design, coal mine design, research and development to the overall management of the institute. He worked as a technician at Laoying mine of Shuicheng Mining Bureau (水城礦務局老鷹山礦) from August 1967 to April 1975 and was primarily responsible for handling the general technological issues relating to coal mine extraction. Mr. Huang graduated from Guizhou Institute of Technology (貴州工學院) with a diploma in underground coal mining extraction in August 1967. He obtained his master's degree in project management from University of Quebec at Chicoutimi in Canada in March 2006. Mr. Huang was accredited a number of professional qualifications, such as a senior engineer by the Department of Personnel of Guizhou Province (貴州省人事廳) in August 1992, a consultant engineer and a cost engineer jointly by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the Ministry of Construction of the PRC (中華人民共和國建設部) in March 1997 and October 2001, respectively, and a registered consulting engineer jointly by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the State Development Planning Commission of the PRC (中華人民共和國國家發展計劃委員會) in March 2003. Mr. Huang did not hold any directorship in other listed public companies in the past three years.

Mr. HUANG Songzhong (**黃淞中**), aged 73, was appointed as an independent non-executive Director of the Company in July 2014. He is also the chairman of the Corporate Social Responsibility Committee and Remuneration Committee, and a member of the Audit Committee and Nomination Committee. He has over 50 years' experience in the mining industry. During June 2011 to July 2014, Mr. Huang was an independent director of Guizhou Guochuang Energy Holding (Group) Co., Ltd. (貴州國創能源控股（集團）股份有限公司), a coal mining company in mainland China listed on the Shanghai Stock Exchange. He has been as an executive director and general manager of Guizhou Songyuan Mining Development Technical Advisory Co., Ltd. (貴州淞源礦山開發技術諮詢有限公司) since 2009. He has engaged in engineering design in Coal Mining Engineering Institute of Guizhou Province (貴州省煤礦設計院) since 1965, and took a number of positions including large-scale coal engineering project manager, engineer-in-charge, technical director, deputy chief engineer, vice president and chief engineer from 1971 to 2003. Mr. Huang was a technician in Huainan Mining Bureau Xiesan Mining Zone of Anhui Province (安徽省淮南礦務局謝三礦工區) from 1963 to 1964. He obtained a college degree in metal mining from Mining College of Guangxi Zhuang Autonomous Region (廣西僮族自治區礦業專科學校) in August 1963. Mr. Huang was accredited a number of professional qualifications, such as a senior mining engineer by the Science and Technology Cadres Bureau of Guizhou Province (貴州省科學技術幹部局) in 1988, a supervising engineer by the Ministry of Construction of the PRC (中華人民共和國建設部) in 1997, a registered coal construction project evaluation expert by the Ministry of Coal Industry of the PRC (中華人民共和國煤炭工業部) in 1998, a registered consulting engineer by the Department of Personnel of Guizhou Province (貴州省人事廳) in 2003 and a registered national mining inspector by the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部) in 2006. He also obtained outstanding contribution (Engineering Technology) special government allowances of the People's Government of Guizhou Province in 1994. Save as disclosed above, Mr. Huang has not held any directorship in other listed public companies in the past three years.

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2015.

CORPORATE REORGANISATION AND LISTING

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in notes 1 and 33 respectively to the consolidated financial statements of this report.

BUSINESS REVIEW

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 and the Group's financial position at the date are set out in the consolidated financial statements on page 52 to page 54 of the annual report.

No interim dividend was paid to the shareholders during the year ended 31 December 2015 (2014: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 55 of this report.

The Company's reserves available for distribution to shareholders at 31 December 2015, amounted to CNY159,927,000 (2014: CNY156,106,000).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years as extracted from the audited financial statements and restated/reclassified as appropriate is set out on page 126 of this report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements of this report.

DIRECTORS

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

Executive Directors:

LI Feilie	*(Chairman)*
HAN Weibing	*(Appointed as Chief Executive Officer on 29 March 2016)*
WAN Huojin	
TAM Cheuk Ho	
WONG Wah On Edward	
YUE Ming Wai Bonaventure	*(Appointed on 29 May 2015)*

Independent Non-executive Directors:

LO Kin Cheung
HUANG Zuye
HUANG Songzhong

In accordance with Articles 14.3 and 14.19 of the articles of association of the Company (the "Articles of Association"), Mr. HAN Weibing, Mr. WAN Huojin, Mr. LO Kin Cheung and Mr. YUE Ming Wai Bonaventure shall retire from office at the forthcoming annual general meeting ("AGM"). All of the above retiring Directors, being eligible, will offer themselves for re-election as Directors at the AGM.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers that each of the independent non-executive Directors is independent to the Company.

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

As at 31 December 2015, so far as the Directors were aware, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Laitan Investments Limited	Long position	Interest held by its controlled corporation	724,029,650	1	52.44
Feishang Group Limited	Long position	Beneficial Owner	724,029,650	1	52.44
Mr. KWAN Pak Hoo Bankee	Long position	Interest held by his controlled corporation	125,000,000	2	9.05
Poly Shine Investment Limited	Long position	Beneficial Owner	125,000,000	2	9.05

Notes:

1. The 724,029,650 ordinary shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie. According to the SFO, both Mr. LI Feilie and Laitan Investments Limited are deemed to have interests in the 724,029,650 ordinary shares held by Feishang Group Limited. Mr. LI Feilie's interests in shares are disclosed in this report in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".

2. Mr. KWAN Pak Hoo Bankee is the sole director and sole shareholder of Poly Shine Investment Limited. According to the SFO, Mr. KWAN Pak Hoo Bankee is deemed to have interests in the 125,000,000 ordinary shares held by Poly Shine Investment Limited.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

(I) The Company

Name of Director	Long/short position	Capacity	Number of shares	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial Owner	15,000,000		
	Long position	Interest held by his controlled corporations	724,029,650	1	
			739,029,650		53.53
Mr. WONG Wah On Edward	Long position	Beneficial Owner	20,000,000		1.45
Mr. TAM Cheuk Ho	Long position	Beneficial Owner	14,096,300		1.02

Note:

1. The 724,029,650 ordinary shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie.

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

(i) China Natural Resources, Inc.

Name of Director	Long/short position	Capacity	Number of shares	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial Owner	300,000		
	Long position	Interest held by his controlled corporations	14,480,593	1	
			14,780,593		59.33
Mr. WONG Wah On Edward	Long position	Beneficial Owner	400,000		1.60
Mr. TAM Cheuk Ho	Long position	Beneficial Owner	281,926		1.13

Note:

1. The 14,480,593 common shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie.

(ii) Feishang Non-metal Materials Technology Limited

Name of Director	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Interest held by his controlled corporations	375,000,000	1	75.00
Mr. WONG Wah On Edward	Long position	Interest held by his controlled corporation	17,600,000	2	3.52
Mr. TAM Cheuk Ho	Long position	Interest held by his controlled corporation	18,500,000	3	3.70

Notes:

1. The 375,000,000 ordinary shares were held by Feishang Group Limited, which is wholly owned by Laitan Investments Limited, which is in turn wholly owned by Mr. LI Feilie.

2. The 17,600,000 ordinary shares were held by Brender Services Limited, which is wholly owned by Mr. WONG Wah On Edward.

3. The 18,500,000 ordinary shares were held by Suncraft Limited, which is wholly owned by Mr. TAM Cheuk Ho.

(iii) Laitan Investments Limited

Name of Director	Long/short position	Capacity	Number of shares	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Beneficial Owner	3	100

(iv) Feishang Group Limited

Name of Director	Long/short position	Capacity	Number of share	Note	Percentage of the issued shares (%)
Mr. LI Feilie	Long position	Interest held by his controlled corporation	1	1	100

Note:

1. The 1 ordinary share was held by Laitan Investments Limited, which is wholly owned by Mr. LI Feilie.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updates in Directors' information are as follows:–

1. Mr. LI Feilie stepped down from chief executive officer of the Company on 29 March 2016.

2. Mr. HAN Weibing was promoted from chief operating officer to chief executive officer of the Company on 29 March 2016.

3. Mr. WONG Wah On Edward has been appointed as independent non-executive director of Quali-Smart Holdings Limited (a company listed on the Stock Exchange) since September 2015.

4. Mr. YUE Ming Wai Bonaventure has been appointed as company secretary of Feishang Non-metal Materials Technology Limited (a company listed on the Growth Enterprise Market of the Stock Exchange) since July 2015, and independent non-executive director of A.Plus Group Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange) since March 2016.

Save as disclosed above, the Directors are not aware of any other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2015 interim report of the Company.

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

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

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 23 December 2013 (the "Date of Adoption") (the "Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company (the "Shares") subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and for an effective period of 10 years from the Date of Adoption. The Share Option Scheme is an incentive scheme and is established to enable the Group to recognise the contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Company's business and that of its subsidiaries. The Eligible Persons include any (a) employee, director or consultant of the Company or any subsidiary; or (b) any other person who has contributed to the success of the listing of the Company on the Stock Exchange, in each case, as determined by the Board. The eligibility of an Eligible Person will be determined by the Board with reference to his or her past and expected commitment and contribution to the Company and/or the subsidiaries.

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

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the Date of Adoption ("Scheme Mandate Limit"), unless approved by the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of Shares in respect of which options may be granted to any Eligible Person in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, unless approved by the Company's shareholders. In addition, the number of Shares in respect of which options may be granted to any Eligible Person (who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of Shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the Shares at the date of each grant, unless approved by the Company's shareholders.

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

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

As at 31 December 2015, no options were granted or agreed to be granted since the Date of Adoption. The Company had a total of 124,554,580 Shares available for issue under the Share Option Scheme (representing approximately 9.0% of the existing issued shares of the Company as at the date of this report).

Additional information in relation to the Share Option Scheme is set out in note 29 to the consolidated financial statements of this report.

DIRECTORS' SERVICE CONTRACT

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

(a) Connected transactions

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

(b) Continuing connected transactions

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

Details of the related party transactions are set out in note 32 to the consolidated financial statements of this report. These related party transactions did not constitute any connected transactions/continuing connected transactions under the Listing Rules.

CONSOLIDATION OF COAL MINES IN GUIZHOU AND RESTRUCTURING PROPOSAL

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

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

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

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

On 26 January 2015, the first batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the first batch of the Restructuring Proposal, the Group will integrate Zhulinzhai Coal Mine and Liujiaba Coal Mine, both located in Xinhua, Liuzhi Special District, Zhina Coal District, Guizhou province, into a single coal mine under the name of Liujiaba Coal Mine; and retain Dayun Coal Mine and Baiping Coal Mine, both located in Jinsha county, Guizhou province. On 5 January 2016, the second batch of the Restructuring Proposal of Feishang Energy together with Guizhou Puxin has been approved by the Energy Bureau of Guizhou Province and the Leading Group Office of Guizhou Province on Coal Enterprises Consolidation. Under the second batch of the Restructuring Proposal, the Group will close down Gouchang Coal Mine and retain Yongsheng Coal Mine. The Group is currently working on the Restructuring Proposal of its other three coal mines.

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

DEED OF NON-COMPETITION

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

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

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

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

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

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

Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has reviewed its business and businesses of their respective subsidiaries and advised that there is generally insignificant competition between the operations of the Sanjiazhai Coal Mine and the Core Businesses. Save as disclosed above, during the year, each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise confirmed that there was no New Business Opportunity made available to each of them. Each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise has given a written confirmation to the Company that it had fully complied with the terms of the Deed of Non-Competition. The independent non-executive Directors have reviewed the confirmations and relevant information provided by the Controlling Shareholders, Feishang Energy and Feishang Enterprise and concluded that each of the Controlling Shareholders, Feishang Energy and Feishang Enterprise complied with the relevant terms of the Deed of Non-Competition for the financial year ended 31 December 2015.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed above, no Directors or their close associates has any interest in a business that competes or may compete with the business of the Group.

PERMITTED INDEMNITY

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

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

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately CNY1.0 million.

SUFFICIENCY OF PUBLIC FLOAT

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

EQUITY-LINKED AGREEMENT

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees of the Group, details of the Share Option Scheme are set out in note 29 to the consolidated financial statements and under the paragraph headed "Share Option Scheme of the Company" above. No share options were granted during the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE SHARES OF THE COMPANY

There was no purchase, sale or redemption of the Company's share by the Company or any of its subsidiaries for the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely, Mr. LO Kin Cheung (chairman), Mr. HUANG Zuye and Mr. HUANG Songzhong. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The audited consolidated financial statements of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Feishang Anthracite Resources Limited
LI Feilie
Chairman

Hong Kong, 29 March 2016

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code 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 of 2015 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 circumstances 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 AGM. 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.

BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises nine members, consisting of six executive Directors namely Mr. LI Feilie (chairman of the Board), 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 three independent non-executive Directors namely, Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HUANG Songzhong.

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

Independent Non-executive Directors

The Board has not less than one-third of its membership comprising independent non-executive Directors, in compliance with Rule 3.10A of the Listing Rules. One of the three independent non-executive Directors possesses appropriate professional experience and related financial management expertise.

The Company has received from each of the independent non-executive Director a confirmation of his independence, in accordance with Rule 3.13 of the Listing Rules and the Company also considers that they are independent. There is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

Directors' Re-election

Pursuant to the Articles of Association, the Directors shall hold office subject to retirement by rotation at the AGM of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election in that meeting. Mr. HAN Weibing, Mr. WAN Huojin, Mr. LO Kin Cheung and Mr. YUE Ming Wai Bonaventure are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles of Association.

Term of Appointment of Independent Non-executive Directors

The term of office of Mr. LO Kin Cheung and Mr. HUANG Zuye is for a period of three years from 23 December 2013 to 22 December 2016 whereas that of Mr. HUANG Songzhong is for a period of three years from 15 July 2014 to 14 July 2017, all of whom are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles of Association.

Responsibilities of the Board and Management

The Board, headed by the chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, and the Articles of Association.

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

The Company considers that internal control system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

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

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

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

During the year ended 31 December 2015, six Board meetings were held and the attendance record of each Director is set out below:

	Attendance/ No. of meeting(s) Board Meeting
Executive Directors	
LI Feilie *(Chairman)*	5/6
HAN Weibing *(Appointed as Chief Executive Officer on 29 March 2016)*	6/6
WAN Huojin	6/6
TAM Cheuk Ho	6/6
WONG Wah On Edward	6/6
YUE Ming Wai Bonaventure *(Appointed on 29 May 2015)*	4/4
Independent Non-executive Directors	
LO Kin Cheung	4/6
HUANG Zuye	5/6
HUANG Songzhong	6/6

During the year ended 31 December 2015, one general meeting was held and the attendance record of each Director is set out below:

	Attendance/ No. of meeting(s) General Meeting
Executive Directors	
LI Feilie *(Chairman)*	0/1
HAN Weibing *(Appointed as Chief Executive Officer on 29 March 2016)*	1/1
WAN Huojin	0/1
TAM Cheuk Ho	1/1
WONG Wah On Edward	1/1
YUE Ming Wai Bonaventure *(Appointed on 29 May 2015)*	0/0
Independent Non-executive Directors	
LO Kin Cheung	1/1
HUANG Zuye	1/1
HUANG Songzhong	1/1

Directors' Continuous Professional Development

In September 2015, the Company organized one training session, conducted by lawyers, for all Directors. Topics of the training included the following:

- Training on the Listing Rules
- Training on the compliance issue of companies listed in Hong Kong
- Training on the continuing obligations and statutory obligations for directors of listed companies
- Other statutory and regulatory updates

The Company understands that the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally–facilitated briefings for the Directors will be arranged and reading material on relevant topics will be issued to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Responsibilities of Directors

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

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

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

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

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

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

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

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

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

Corporate Governance Functions

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

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

– to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2015, the Board had performed the following corporate governance duties:

– approval of Ernst & Young as the auditors of the Group and the corresponding audit plan;

– review the compliance with the CG Code;

– review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee; and

– approval of the revised terms of reference of the Audit Committee.

Board Committees

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

Audit Committee

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. LO Kin Cheung, Mr. HUANG Zuye and Mr. HUANG Songzhong and is chaired by Mr. LO Kin Cheung.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

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

During the year ended 31 December 2015, the Audit Committee held two meetings, in March 2015 and August 2015 respectively, at which it:

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

– reviewed the financial statements for the year ended 31 December 2014;

– reviewed the financial statements for the six months ended 30 June 2015;

- reviewed the effectiveness of the internal control system and risk management;
- reviewed the external auditors' findings; and
- reviewed and approved remuneration of auditors and recommended the re-appointment of external auditors.

The attendance record of the meetings is set out below:

Members of Audit Committee	Attendance/ No. of meeting(s)
LO Kin Cheung *(Chairman of the Audit Committee)*	2/2
HUANG Zuye	2/2
HUANG Songzhong	2/2

Nomination Committee

As at the date of this report, the Nomination Committee comprises two executive Directors, namely Mr. LI Feilie and Mr. TAM Cheuk Ho and three independent non-executive Directors, namely Mr. HUANG Zuye, Mr. LO Kin Cheung and Mr. HUANG Songzhong and is chaired by Mr. HUANG Zuye.

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

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

During the year ended 31 December 2015, the Nomination Committee held one meeting, at which it:

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

The attendance record of the meeting is set out below:

Members of Nomination Committee	Attendance/ No. of meeting(s)
HUANG Zuye *(Chairman of the Nomination Committee)*	1/1
LO Kin Cheung	1/1
HUANG Songzhong	1/1
LI Feilie	1/1
TAM Cheuk Ho	1/1

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

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

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

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises two executive Directors, namely Mr. LI Feilie and Mr. HAN Weibing, and three independent non-executive Directors, namely Mr. HUANG Songzhong, Mr. LO Kin Cheung and Mr. HUANG Zuye and is chaired by Mr. HUANG Songzhong.

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

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

During the year ended 31 December 2015, the Remuneration Committee held one meeting, at which it made recommendation to the Board on the forthcoming remuneration policy and the remuneration of the executive Directors and the independent non-executive Directors.

The attendance record of the meeting is set out below:

Members of Remuneration Committee	Attendance/ No. of meeting(s)
HUANG Songzhong *(Chairman of the Remuneration Committee)*	1/1
LI Feilie	1/1
HAN Weibing	1/1
LO Kin Cheung	1/1
HUANG Zuye	1/1

The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the Share Option Scheme.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

Remuneration bands (CNY)	Number of person(s)
0 to 1,000,000	9

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 11 and 12 to the audited financial statements of this report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As at the date of this report, the Corporate Social Responsibility Committee comprises two executive Directors, being Mr. WAN Huojin and Mr. HAN Weibing, and one independent non-executive Director, being Mr. HUANG Songzhong, and is chaired by Mr. HUANG Songzhong.

The primary purpose of Corporate Social Responsibility Committee is to assist the Board in reviewing the policies and overseeing the issues with respect to corporate social responsibility, including workplace quality, occupational health and safety, environmental protection, operating practices and community involvement.

During the year ended 31 December 2015, the Corporate Social Responsibility Committee held one meeting, at which it discussed the policies and issues with respect to corporate social responsibility, including workplace quality, occupational health and safety, environmental protection, operating practices and community involvement.

The attendance record of the meeting is set out below:

Members of Corporate Social Responsibility Committee	Attendance/ No. of meeting(s)
HUANG Songzhong *(Chairman of the Corporate Social Responsibility Committee)*	1/1
HAN Weibing	1/1
WAN Huojin	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2015 and up to the date of this report.

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

AUDITORS' REMUNERATION

The service provided by Ernst & Young and the associated fees thereof for the year ended 31 December 2015 were as follows:

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

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. The internal control system is implemented to minimize the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board conducts at least annually a review of the effectiveness of the Group's internal control systems. For the year ended 31 December 2015, the Board considered that the Group's internal control system is adequate and effective and the Company has complied with the code provisions on internal control of the CG Code.

The Company has put in place an arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters.

GOING CONCERN

As of 31 December 2015, the Group had net current liabilities of approximately CNY883.1 million and shareholders' deficit of approximately CNY376.8 million, and 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 has implemented or is in the process of implementing the following measures, namely: (i) obtaining confirmations of continuous financial support from Feishang Group Limited and one entity controlled by Mr. LI Feilie; (ii) entering into loan renewal discussions with the 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 consolidated financial statements of the Group have been prepared on a going concern basis.

COMPANY SECRETARY

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

CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association of the Company were amended in 2013 to comply with the listing requirements of Hong Kong and in 2015 to reflect the share sub-division and increase in maximum number of authorised shares.

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

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning an extraordinary general meeting

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

(b) Communication with shareholders and investors

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

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

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

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the loss and cash flows position of the Group for the year and which are in compliance with International Financial Reporting Standards, statutory requirements and other regulatory requirements. As at 31 December 2015, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or ability to continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. The statement of the auditors regarding their reporting responsibility for the financial statements is set out in the Independent Auditors' Report on pages 50 to 51 of this report. Save as disclosed in the paragraph headed "Going Concern" above, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
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To the shareholders of Feishang Anthracite Resources Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of Feishang Anthracite Resources Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 52 to 122, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 International Financial Reporting Standards 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 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.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2016

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	6	**(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	16	**(383,615)**	(66,397)
Other operating expenses		**(4,717)**	(6,460)
OPERATING LOSS		**(474,568)**	(107,384)
Finance costs	7	**(118,666)**	(144,099)
Interest income	9	**1,706**	2,716
Non-operating expenses, net	8	**(822)**	(3,035)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	9	**(592,350)**	(251,802)
Income tax benefit	13	**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		**(26,848)**	(2,902)
LOSS FOR THE YEAR		**(532,805)**	(226,827)
ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations		**(488,400)**	(220,727)
From discontinued operations		**(26,580)**	(2,873)
		(514,980)	(223,600)
Non-controlling interests			
From continuing operations		**(17,557)**	(3,198)
From discontinued operations		**(268)**	(29)
		(17,825)	(3,227)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Basic (CNY per share)			
– For loss from continuing operations	14	**(0.35)**	(0.18)
– For loss from discontinued operations	14	**(0.02)**	(0.00)
– Net loss per share	14	**(0.37)**	(0.18)
Diluted (CNY per share)			
– For loss from continuing operations	14	**(0.35)**	(0.18)
– For loss from discontinued operations	14	**(0.02)**	(0.00)
– Net loss per share	14	**(0.37)**	(0.18)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 CNY'000	2014 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	16	**2,298,141**	2,603,568
Rehabilitation fund	17	**11,124**	31,162
Prepayments, deposits and other receivables	20	**77,768**	104,058
Deferred tax assets	13	**43,223**	28,576
TOTAL NON-CURRENT ASSETS		**2,430,256**	2,767,364
CURRENT ASSETS			
Inventories	18	**17,255**	17,503
Trade and bills receivables	19	**115,536**	99,366
Corporate income tax refundable		**46,682**	28,533
Prepayments, deposits and other receivables	20	**28,746**	28,399
Pledged and restricted time deposits	21	**195,000**	9,674
Cash and cash equivalents	21	**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	22	**491,565**	203,101
Other payables and accrued liabilities	23	**137,181**	117,810
Interest-bearing bank and other borrowings	24	**675,200**	1,110,007
Interest payable		**21,172**	16,176
Mining rights payables	25	**33,074**	33,074
TOTAL CURRENT LIABILITIES		**1,358,192**	1,480,168
NON-CURRENT LIABILITIES			
Due to a related company	32(c)	**1,398,679**	579,836
Interest-bearing bank and other borrowings	24	**384,790**	762,371
Interest payable		**4,198**	11,844
Deferred tax liabilities	13	**113,992**	187,834
Mining rights payables	25	**10,706**	33,074
Deferred income	26	**1,701**	–
Asset retirement obligations	27	**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	28	**1,081**	1,081
Reserves	30	**(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

Li Feilie
Chairman and Executive Director

Yue Ming Wai Bonaventure
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital CNY'000 Note 28	Share premium account* CNY'000 Note 30 (a)	Safety fund and production maintenance fund* CNY'000 Note 30 (b)	Special reserve* CNY'000 Note 30 (c)	Retained earnings/ (Accumulated losses)* CNY'000	Exchange fluctuation reserve* CNY'000	Total CNY'000	Non-controlling interests CNY'000	Total equity CNY'000
At 1 January 2014	973	75,859	7,062	32,552	43,633	1,774	161,853	93,523	255,376
Loss for the year	–	–	–	–	(223,600)	–	(223,600)	(3,227)	(226,827)
Foreign currency translation adjustments	–	–	–	–	–	511	511	–	511
Total comprehensive (loss)/ income for the year	–	–	–	–	(223,600)	511	(223,089)	(3,227)	(226,316)
Acquisition of non-controlling interest	–	–	–	(278)	–	–	(278)	(722)	(1,000)
Issuance of shares (note 28)	108	129,313	–	–	–	–	129,421	–	129,421
Share issue expenses	–	(648)	–	–	–	–	(648)	–	(648)
Appropriation and utilisation of safety fund and production maintenance fund, net	–	–	14,380	–	(14,380)	–	–	–	–
At 31 December 2014 and at 1 January 2015	**1,081**	**204,524**	**21,442**	**32,274**	**(194,347)**	**2,285**	**67,259**	**89,574**	**156,833**
Loss for the year	**–**	**–**	**–**	**–**	**(514,980)**	**–**	**(514,980)**	**(17,825)**	**(532,805)**
Foreign currency translation adjustments	**–**	**–**	**–**	**–**	**–**	**1,997**	**1,997**	**–**	**1,997**
Total comprehensive (loss)/ income for the year	**–**	**–**	**–**	**–**	**(514,980)**	**1,997**	**(512,983)**	**(17,825)**	**(530,808)**
Acquisition of non-controlling interest	**–**	**–**	**–**	**(1,550)**	**–**	**–**	**(1,550)**	**(1,297)**	**(2,847)**
Appropriation and utilisation of safety fund and production maintenance fund, net	**–**	**–**	**17,215**	**–**	**(17,215)**	**–**	**–**	**–**	**–**
At 31 December 2015	**1,081**	**204,524**	**38,657**	**30,724**	**(726,542)**	**4,282**	**(447,274)**	**70,452**	**(376,822)**

* These reserve accounts comprise the consolidated reserves of negative CNY448.4 million (2014: CNY66.2 million) as at 31 December 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 CNY'000	2014 CNY'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
From continuing operations		**(592,350)**	(251,802)
From discontinued operations	4	**(28,944)**	(2,129)
Adjustments for:			
Interest income	9	**(1,706)**	(2,716)
Finance costs		**104,179**	133,253
Depreciation and amortisation		**130,799**	111,938
Impairment loss on property, plant and equipment	16	**405,171**	66,397
Impairment of trade and bills receivable		**59**	–
Impairment of prepayments, deposits and other receivables		**4,965**	–
Impairment of inventories		**1,809**	–
Gain on disposal of an available-for-sale investment, net	42	**(723)**	–
Sub-total		**23,259**	54,941
Decrease in rehabilitation fund		**20,038**	6,188
Increase in trade and bills receivables		**(46,170)**	(33,688)
Increase in inventories		**(1,561)**	(3,140)
(Increase)/decrease in prepayments, deposits and other receivables		**(4,686)**	3,399
Increase in trade and bills payables		**273,066**	4,693
Increase/(decrease) in other payables and accrued liabilities		**19,034**	(26)
Decrease in deferred income		**(269)**	–
Cash from operations		**282,711**	32,367
Interest received		**1,706**	2,716
Interest paid		**(105,620)**	(132,483)
Income tax paid		**(18,149)**	(37,533)
Net cash flows from/(used in) operating activities		**160,648**	(134,933)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of an available-for-sale investment, net		**723**	–
Receipt of a government grant		**1,970**	–
Prepayment for purchase of land use rights		**(668)**	(7,796)
Purchase of items of property, plant and equipment		**(215,789)**	(286,315)
Decrease in pledged deposits		**–**	16,000
Net cash flows used in investing activities		**(213,764)**	(278,111)

continued/...

	Notes	**2015**	2014
		CNY'000	CNY'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	129,421
Share issue expense		**–**	(648)
Proceeds from interest-bearing bank and other borrowings		**459,781**	1,220,000
Repayments of interest-bearing bank and other borrowings		**(1,238,847)**	(1,258,779)
Increase of restricted bank deposits	21	**(185,326)**	(810)
Prepayment for acquisition of non-controlling interests		**–**	(1,750)
Net cash paid for acquisition of non-controlling interests		**(1,617)**	(480)
Advances from a related company		**1,324,467**	1,255,323
Repayments to a related company		**(505,624)**	(806,487)
Net cash flows (used in)/from financing activities		**(147,166)**	535,790
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(200,282)**	122,746
NET FOREIGN EXCHANGE DIFFERENCE		**1,997**	511
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**270,140**	146,883
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	**71,855**	270,140
Supplementary disclosures of cash flow information:			
Total cash paid for interest (including capitalised interest of CNY5.7 million for the year ended 31 December 2015 (2014: CNY26.2 million))		**(111,348)**	(158,706)

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the British Virgin Islands ("BVI") on 6 January 2010. The registered 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 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 of the Company (the "Directors"), the ultimate holding company of the Company is Laitan Investments Limited, a company incorporated in the BVI.

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

As at 31 December 2015, the Group had net current liabilities of CNY883.1 million (2014: CNY1,026.6 million) and total assets less current liabilities of 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 (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Chinese Yuan ("CNY") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar right of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

If the Group loses control over a subsidiary, it derecognises (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.

2.1 BASIS OF PREPARATION (continued)

Going concern

As of 31 December 2015, the Group had net current liabilities of CNY883.1 million, shareholders' deficit of CNY376.8 million, and 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 has implemented or is in the process of implementing the following measures, namely: (i) obtaining confirmations of continuous financial support from Feishang and one entity controlled by Mr. LI Feilie; (ii) entering into loan renewal discussions with the 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 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(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 judgments 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 the 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 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 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

In addition, the Company has adopted the amendments to the Rules Governing the Listing 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.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the current year's financial statements:

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
6 In December 2015, the IASB postponed the effective date indefinitely pending the outcome of its research project on the equity method of accounting

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Further information about those changes that are expected to significantly affect the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

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

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model apply to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

The amendments to IAS 7 require that an entity disclose, as necessary, the following changes in liabilities arising from financing activities: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes. The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities." The amendments indicate that the new disclosure requirements also apply to changes in financial assets that meet this definition. The amendments state that one way to meet the new disclosure requirements is to provide "a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities." The Group expects to adopt the amendment on 1 January 2017 and is currently assessing the impact upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The IASB issued IFRS 16 *Leases* on 13 January 2016. The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

The acquisition of subsidiaries and businesses under common control, where applicable, has been accounted for using merger accounting. The financial statements of the combining entities or businesses under common control are prepared for the same reporting period as the Company, using consistent accounting policies.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combinations occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholder. The net assets of the combining entities or businesses are combined using the existing book values from the controlling shareholder's perspective. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Business combinations and goodwill (continued)

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control or since their respective dates of incorporation/establishment, where this is a shorter period, regardless of the date of the common control combination. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

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

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of profit or loss.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Business combinations and goodwill (continued)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment and depreciation (continued)

Estimated useful lives are as follows:

Non-mining related buildings	5 – 35 years
Non-mining related machinery and equipment	3 – 15 years
Motor vehicles	3 – 10 years

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

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

Construction in progress is carried at cost and is to be depreciated when placed into service over the estimated useful lives or units of production of those assets. Construction costs are capitalised as incurred. Interest is capitalised as incurred during the construction period.

(d) Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fair value measurement (continued)

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

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(e) Exploration and evaluation costs

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, etc.), the asset's recoverable amount is estimated.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset or other appropriate valuation techniques. The value in use calculation is based on a discounted cash flow model, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those categories consistent with the function of the impaired asset.

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

(g) Financial assets

As at 31 December 2015 and 2014, the Group's financial assets within the scope of IAS 39 are all classified as loans and receivables. All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets (continued)

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in "trade and bills receivables", "prepayments, deposits and other receivables", "term deposits with an original maturity over three months", "restricted time deposits", "cash and cash equivalents", "rehabilitation fund" and "due from related companies" in the consolidated statement of financial position. These assets are subsequently carried at amortised cost using the effective interest method ("EIR") less any provision for impairment. Gains and losses are recognised in interest income or finance costs in the consolidated statement of profit or loss when the loans and receivables are derecognised as well as through the amortisation process. Loss from impairment is recognised in the statement of profit or loss in finance costs for loans and in operating expenses for receivables.

Fair value of loans and receivables

As at 31 December 2015 and 2014, the carrying amounts of rehabilitation fund are not materially different from their fair values. The carrying values of other financial assets approximated to their fair values due to the short-term maturities of these instruments.

Impairment of loans and receivables

The Group assesses at the end of each reporting date whether there is objective evidence that the loans and receivables are impaired. The Group first assesses whether impairment exists individually for loans and receivables that are individually significant, or collectively for loans and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loans and receivables, whether significant or not, it includes the asset in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets (continued)

Impairment of loans and receivables (continued)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of profit or loss, to the extent that the carrying value of the asset does not exceed amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice.

Derecognition of loans and receivables

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

(i) the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, amounts due to related companies, other payables and certain accrued liabilities, interest-bearing loans, mining rights payable and interest payable are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate. The related interest expense is recognised within "finance costs" in the consolidated statement of profit or loss.

Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

Fair value

As at 31 December 2015 and 2014, the carrying values of these financial liabilities other than long-term interest-bearing loans and mining rights payable approximated to their fair values due to the short-term maturities of these instruments. The carrying values of long-term interest bearing-loans and mining rights payable approximated to their fair values as the interest rates on almost all the balances are reset each year based on prevailing interest rates stipulated by the People's Bank of China.

The Group had no financial liabilities measured at fair value on a recurring or a non-recurring basis as at 31 December 2015 and 2014.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted-average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Major types of inventories include:

- Spare parts and consumables

- Coal

(k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(l) Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans administered by the PRC government. The relevant government agencies undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Further information is set out in note 10.

Housing funds

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Asset retirement obligations

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

(n) Borrowing costs

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

(o) Revenue recognition

The Group sells its products pursuant to sales contracts entered into with its customers. Revenue for all products is recognised when the significant risks and rewards of ownership have passed to the customer, provided that the Group does not maintain neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and when collectability is reasonably assured. The passing of the significant risks and rewards of ownership to the customer is based on the terms of the sales contract, generally upon delivery and acceptance of the product by the customer.

In accordance with the relevant tax laws in the PRC, value-added tax ("VAT") is levied on the invoiced value of sales and is payable by the purchaser. The Group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. The difference between the amounts collected and paid is presented as VAT recoverable or payable in the consolidated statement of financial position. The Group recognises revenues net of VAT.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income taxes

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income taxes (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) Foreign currencies

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions

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

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

(s) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the lower of its fair value of the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

(t) Dividend

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

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

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgments

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

(i) Commercial production start date

The Group assesses the stage of each coal mine under construction to determine when a coal mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each coal mine construction project. The Group considers various relevant criteria to assess when the coal mine is substantially complete, ready for its intended use and is reclassified from "Construction in progress" to "Mining structures". The criteria will include, but are not limited, to the following:

- The level of capital expenditure compared to the construction cost estimates
- Completion of a reasonable period of testing of the mine and equipment
- Ability to produce coal in saleable form (within specifications)
- Ability to sustain ongoing production of coal

When a mine construction project moves into the production stage, the capitalisation of certain coal mine construction costs ceases, and further extraction costs incurred are either regarded as inventories or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. The commercial production start date is also the date when depreciation and/or amortisation of the mining structure assets commence.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimates and assumptions (continued)

(i) Impairment of property, plant and equipment

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

Other than those disclosed in note 16, there were no impairments recognised for the year.

(ii) Units-of-production depreciation for mining related assets

The Group determines the depreciation and/or amortisation of mining related assets by the actual units of production over the estimated reserves of the mines. Further details about the reserve estimates are included in note 2.5 (iv) below.

(iii) Useful lives of non-mining related property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its non-mining related property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of non-mining related property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation and competitor action in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Reserve estimates

Proved and probable coal reserve estimates are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. In determining the estimates, recent production and technical information of each mine will be considered.

Fluctuations in factors including the price of coal, production costs and transportation costs of coal, a variation on recovery rates or unforeseen geological or geotechnical perils may render it necessary to revise the estimates of coal reserves.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimates and assumptions (continued)

(iv) Reserve estimates (continued)

Because the economic assumptions used to estimate reserves changes from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- The carrying values of asset may be affected due to change in estimated future cash flows.
- Depreciation, depletion and amortisation charged to the statement of profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Asset retirement obligations may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

(v) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the provision at the end of each reporting period.

(vi) Income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will be reflected in the income tax and deferred tax provisions in the period in which the determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carryforwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on earnings.

(vii) Provision for asset retirement obligations

The provision for asset retirement obligations is determined by management based on the past experience and best estimation of future expenditures, taking into account existing relevant PRC regulations. However, insofar as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time.

3. OPERATING SEGMENT INFORMATION

Prior to 30 June 2015, the Group had only 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") (note 41). 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 (note 42), since 23 December 2015, the Group has been operating only in 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 two customers accounted for 19.4% and 11.0% of the consolidated revenue. During the year ended 31 December 2014, revenue derived from sales to three customers accounted for 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 People's Republic of China ("PRC"), which is wholly owned by Nayong Gouchang Coal Mining Co., Ltd., a subsidiary of the Company. The operations of Gouchang Coal Mine has 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 intends to either dispose of Gouchang Coal Mine or suspend/close it 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, and hence, the operating results have been reclassified to discontinued operations in preparing the consolidated statement of profit or loss.

4. DISCONTINUED OPERATIONS (continued)

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

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

4. DISCONTINUED OPERATIONS (continued)

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

	2015 CNY'000	2014 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 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 CNY'000	2014 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. COST OF SALES FROM CONTINUING OPERATIONS

Cost of sales from continuing operations represents the following:

	2015 CNY'000	2014 CNY'000
Sale of coal (note 9)	**237,741**	276,147

7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2015 CNY'000	2014 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 (note 16)	**(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

8. NON-OPERATING EXPENSES, NET FROM CONTINUING OPERATIONS

	2015 CNY'000	2014 CNY'000 (Restated)
Government grant (note 9)	**826**	–
Late fee for VAT	**(560)**	(1,054)
Donation	**(1,032)**	(1,809)
Others	**(56)**	(172)
	(822)	(3,035)

9. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	2015 CNY'000	2014 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 (note 6)	237,741	276,147
Employee benefit expenses (note 10)	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 is 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 the Liuzhi Special District Administration Bureau of Work Safety and 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 its mining operations are in compliance with the requisite safety standards and other conditions required by the Jinsha County Administration Bureau of Work Safety according to the on-site inspection and assessment on the mining operations.

10. EMPLOYEE BENEFITS FROM CONTINUING OPERATIONS

	2015 CNY'000	2014 CNY'000 (Restated)
Wages, salaries and allowances	74,916	101,130
Contribution to pension plan (a)	2,937	3,329
Housing funds (a)	879	1,037
Welfare and other expenses	12,693	11,569
Sub-total	91,425	117,065

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

Employee benefits charged to the loss from continuing operations are analysed as follows:

	2015 CNY'000	2014 CNY'000 (Restated)
Total employee benefits accrued for the year	91,425	117,065
Less:		
Amount included in inventories	(340)	(315)
Amount included in property, plant and equipment	(9,475)	(4,332)
Amount charged to loss from continuing operations (note 9)	81,610	112,418

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2015 CNY'000	2014 CNY'000
Fees	294	294
Other emoluments:		
Salaries, allowances and benefits in kind	673	550
Pension scheme contributions	69	64
	742	614
	1,036	908

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

(a) Independent non-executive directors

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

	2015 CNY'000	2014 CNY'000
Mr. Lo Kin Cheung (i)	98	95
Mr. Huang Zuye (i)	98	95
Mr. Gu Jianshe	–	52
Mr. Huang Songzhong (ii)	98	52
	294	294

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(i) Mr. Lo Kin Cheung and Mr. Huang Zuye were appointed as the Company's non-executive directors with effect from 23 December 2013.

(ii) Mr. Huang Songzhong, who substituted Mr. Gu Jianshe, was appointed as the Company's non-executive director with effect from 15 July 2014.

(b) Executive directors and the chief executive

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2015				
Executive directors:				
Mr. Li Feilie (i)	–	–	–	–
Mr. Tam Cheuk Ho (ii)	–	–	–	–
Mr. Wong Wah On Edward (ii)	–	–	–	–
Mr. Han Weibing (iii)	–	222	69	291
Mr. Wan Huojin (iii)	–	183	–	183
Mr. Yue Ming Wai Bonaventure (iii), (iv)	–	268	–	268
	–	673	69	742

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

(b) Executive directors and the chief executive (continued)

	Fees CNY'000	Salaries, allowances and benefits in kind CNY'000	Pension scheme contributions CNY'000	Total remuneration CNY'000
2014				
Executive directors:				
Mr. Li Feilie (i)	–	–	–	–
Mr. Tam Cheuk Ho (ii)	–	–	–	–
Mr. Wong Wah On Edward (ii)	–	–	–	–
Mr. Han Weibing (iii)	–	281	64	345
Mr. Wan Huojin (iii)	–	269	–	269
	–	550	64	614

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2015. (2014: Nil).

(i) Mr. Li Feilie was appointed as the Company's executive director and chief executive officer with effect from 15 January 2010. Mr. Li Feilie stepped down from chief executive officer of the Company with effect from 29 March 2016.

(ii) Mr. Tam Cheuk Ho and Mr. Wong Wah On Edward were appointed as the Company's executive directors with effect from 1 February 2013. The total remuneration of Mr. Tam Cheuk Ho and Mr. Wong Wah On Edward for the year ended 31 December 2015 was a directors' fee of HK$1, respectively (2014: HK$1).

(iii) Mr. Han Weibing and Mr. Wan Huojin were appointed as the Company's executive directors with effect from 23 December 2013. Mr. Han Weibing was appointed as the chief executive officer of the Company with effect from 29 March 2016. The total remuneration of Mr. Han Weibing, Mr. Yue Ming Wai Bonaventure and Mr. Wan Huojin as directors for the year ended 31 December 2015 was CNY290,336, CNY267,748 and CNY183,290, respectively (2014: CNY344,482, nil, and CNY269,101).

(iv) Mr. Yue Ming Wai Bonaventure was appointed as the Company's executive director with effect from 29 May 2015.

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included three directors (2014: two), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining two (2014: three) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	Number of employees	
	2015	2014
Directors	**3**	2
Non-director individuals	**2**	3
	5	5

Details of the remuneration paid to the non-director and non-chief-executive officer are as follows:

	2015	2014
	CNY'000	CNY'000
Wages, salaries and allowances	**334**	734
Contribution to pension plans	**9**	23
Housing funds	**4**	10
Welfare and other expenses	**8**	13
	355	780

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

	Number of employees	
	2015	2014
Nil to CNY1,000,000	**2**	3
	2	3

13. 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 at 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 at 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 are as follows:

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

13. INCOME TAX AND DEFERRED TAX (continued)

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 CNY'000	2014 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:

	2015 CNY'000	2014 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 statement 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 CNY118.5 million and CNY215.0 million deferred tax liabilities recognised relating to the fair value adjustment on property, plant and equipment as at 31 December 2015 and 2014, respectively.

13. INCOME TAX AND DEFERRED TAX (continued)

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 at 31 December 2015 and 2014.

The total amounts of unused tax losses for which no deferred tax assets were recognised amounted to CNY532.8 million and CNY322.0 million as at 31 December 2015 and 2014, respectively. As at 31 December 2015, unused tax losses of 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 the consolidated statement of profit or loss were CNY2.1 million and negative CNY0.8 million from discontinued operations for the year ended 31 December 2015 and 2014, respectively (note 4).

14. 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 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 the 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.

15. DIVIDEND

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

16. 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**

16. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2015, certain mining rights with a carrying amount of CNY553.1 million (2014: CNY984.5 million) were pledged to secure bank loans with a carrying amount of CNY552.4 million (2014: CNY718.8 million) (note 24).

As at 31 December 2015, certain buildings with a carrying amount totalling 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 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 year.

Interest expenses of 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 the relevant Administration Bureau 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 the CGU, which was based predominantly on the FVLCD approach. The fair value measurement of the recoverable amount is categorised within level 3 of the fair value hierarchy. The 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 a growth rate of 0%. Further, the Group adopted a pre-tax rate of 10.85% (year ended 31 December 2014: 11.93%) that reflects specific risks related to CGU as a discount rate.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended 31 December 2015, an impairment loss for property, plant and equipment of Liujiaba Coal Mine of 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, an impairment loss for property, plant and equipment of Zhulinzhai Coal Mine of 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, an impairment loss for property, plant and equipment of Dayuan Coal Mine of 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, an impairment loss for property, plant and equipment of Gouchang Coal Mine of CNY21.6 million (year ended 31 December 2014: nil) was recognised in profit or loss from discontinued operations.

17. REHABILITATION FUND

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

18. INVENTORIES

	2015	2014
	CNY'000	CNY'000
Spare parts and consumables	**13,155**	13,118
Coal	**4,100**	4,385
	17,255	17,503

19. TRADE AND BILLS RECEIVABLES

	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 CNY13.1 million (2014: nil) were pledged as security for short-term loans of CNY11.0 million as at 31 December 2015 (note 24).

19. TRADE AND BILLS RECEIVABLES (continued)

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

	2015 CNY'000	2014 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:

	2015 CNY'000	2014 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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance consists of prepayments, deposits and other receivables at cost of:

	2015 CNY'000	2014 CNY'000
Current:		
Prepaid spare parts and consumables purchases	4,685	4,251
Deposits	10,335	7,546
Staff advances	5,103	4,546
Withheld social security	3,824	4,265
Value-added tax recoverable	3,280	4,162
Prepaid transportation fee	3,236	1,113
Prepaid electricity fee	184	1,440
Others	2,437	1,076
Less: provision for impairment	4,338	–
	28,746	28,399
Non-current:		
Prepayments for land use rights	57,709	57,041
Prepayments for construction related work	9,432	29,662
Deposits for equipment purchases	8,549	12,257
Prepayments for mining plan design	1,009	1,392
Others	1,696	3,706
Less: provision for impairment	627	–
	77,768	104,058
	106,514	132,457

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

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015 CNY'000	2014 CNY'000
Cash and cash balances	266,855	279,814
Time deposits	–	–
	266,855	279,814
Less: Pledged time deposits:		
Pledged and restricted for bank bills (note 22)	195,000	9,674
Cash and cash equivalents	71,855	270,140

(a) Restricted bank deposits mainly include deposits of CNY195.0 million (2014: CNY9.7 million) held as security for bank bills as at 31 December 2015.

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

	2015 CNY'000	2014 CNY'000
CNY	238,484	127,808
Hong Kong dollar	28,371	152,006
	266,855	279,814

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

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

22. TRADE AND BILLS PAYABLES

	2015 CNY'000	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 CNY164.7 million (2014: CNY149.3 million) due to construction related contractors as at 31 December 2015.

22. TRADE AND BILLS PAYABLES (continued)

The aged analysis of trade payables is as follows:

	2015 CNY'000	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 CNY195.0 million (2014: CNY9.7 million) were pledged to secure the bank bills as at 31 December 2015 (note 21).

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 about one year.

23. OTHER PAYABLES AND ACCRUED LIABILITIES

	2015 CNY'000	2014 CNY'000
Natural resources fee (a)	**1,204**	3,894
Deposits from contractors	**12,368**	13,028
Social security payable (b)	**14,647**	9,058
Payroll payable	**14,772**	25,169
Advances from customers	**51,868**	20,483
Other taxes payables	**28,501**	31,932
Accrued expenses	**–**	2,809
Professional fee	**2,878**	2,240
Payables for emergency rescue of the coal mine	**4,000**	4,000
Geological hazard compensation	**622**	–
Others	**6,321**	5,197
	137,181	117,810

(a) The natural resources fee represents fees payable to the PRC Government and is calculated as a percentage of sales or sales volume.

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

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

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015 CNY'000	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 CNY553.1 million (2014: CNY984.5 million) as at 31 December 2015 (note 16);

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

(3) pledges over the trade receivables in Guizhou Puxin with a carrying amount of CNY13.1 million (2014: nil) as at 31 December 2015 (note 19).

In addition, Mr. Li Feilie has guaranteed certain of the Group's interest-bearing bank and other borrowings up to 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 CNY850.4 million (2014: CNY1,274.0 million) as at 31 December 2015.

All borrowings are denominated in CNY.

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

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

	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 at the end of the reporting period is as follows:

	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

25. MINING RIGHTS PAYABLES

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

Maturities of mining rights payables are as follows:

	2015	2014
	CNY'000	CNY'000
Within one year or on demand	**33,074**	33,074
In the second year	**10,706**	22,368
In the third to fifth years, inclusive	**–**	10,706
	43,780	66,148

The mining rights payables bear interest at a rate stipulated by the People's Bank of China from year to year. The range of the interest rates for mining rights payables for the year ended 31 December 2015 was 4.75%~4.90% (2014: 6.00%~6.15%).

26. DEFERRED INCOME

	Amount CNY'000
At 31 December 2014 and 1 January 2015	–
Recognised during the year	1,970
Released to the statement of profit or loss	(269)
At 31 December 2015	**1,701**

Government grants were received in 2015 for certain underground construction projects in Guizhou Dayun. The amount was included in deferred income in the statement of financial positions, which was recognised in the statement of profit or loss along with the depreciation of related assets over their useful lives.

Government grants of CNY0.6 million has been recognised in the statement of profit or loss directly since there is no unfulfilled condition as at December 31, 2015.

27. ASSET RETIREMENT OBLIGATIONS

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

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

	Amount CNY'000
At 1 January 2014	8,222
Accretion expenses	797
At 31 December 2014 and 1 January 2015	9,019
Accretion expenses	875
At 31 December 2015	**9,894**

The inflation rate, discount rate and market risk premium used for estimating the provision for asset retirement obligations for the years ended 31 December 2015 and 2014 are 2.53%, 9.91% and 6.09%, respectively. There were no material changes to those rates used in subsequent periods.

28. SHARE CAPITAL

	2015	2014
	CNY'000	CNY'000
Authorised:		
100,000,000,000 (2014: 1,000,000,000 ordinary shares of HK$0.01 each) ordinary shares of HK$0.001 each	**79,960**	7,881
Issued and fully paid:		
1,380,545,800 (2014: 138,054,580 ordinary shares of HK$0.01 each) ordinary shares of HK$0.001 each	**1,081**	1,081

At the annual general meeting held on 29 May 2015, it was approved that, among other things, (i) each issued and unissued share of HK$0.01 in the share capital of the Company was subdivided into ten subdivided shares of HK$0.001 each, such that the maximum number of shares that the Company is authorised to issue will increase from 1,000,000,000 shares with a par value of HK$0.01 each to 10,000,000,000 shares with a par value of HK$0.001 each; and (ii) the maximum number of shares that the Company is authorised to issue is increased from 1,000,000,000 shares with a par value of HK$0.01 each (or equivalent to 10,000,000,000 shares with a par value of HK$0.001 each after the Share Subdivision) to 100,000,000,000 shares with a par value of HK$0.001.

	Share capital	**Share premium**	**Total**
	CNY'000	CNY'000	CNY'000
At 1 January 2014	973	75,859	76,832
Issuance of shares (a)	108	129,313	129,421
Share issue expenses	–	(648)	(648)
At 31 December 2014 and 1 January 2015	1,081	204,524	205,605
Issuance of shares	–	–	–
At 31 December 2015	**1,081**	**204,524**	**205,605**

(a) On 23 December 2014, 13,500,000 shares were allotted and issued at HK$12 per share to not less than six placees in accordance with the placing agreement dated 10 December 2014.

29. SHARE OPTION SCHEME

A share option scheme was approved by shareholders of the Company on 23 December 2013 (the "Date of Adoption") (the "2013 Share Option Scheme"), under which the board of directors may, at its discretion, offer any Eligible Persons (as hereinafter defined) options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2013 Share Option Scheme has a life of 10 years from the Date of Adoption. The 2013 Share Option Scheme is a share incentive scheme and is established to enable the Group to, (i) recognise and acknowledge the contributions that Eligible Persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible employees and other Eligible Persons; (iii) motivate the Eligible Persons to optimize their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to Eligible Persons. The Eligible Persons include (a) any full time or part time employees of the Group or any Directors or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or any discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the board of directors may in its absolute discretion determine.

At 31 December 2015, the Company had no share options outstanding under the scheme (2014: nil).

30. RESERVES

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

(a) Share premium

13,500,000 shares were issued during the year ended 31 December 2014, resulting in an increase of share capital of CNY108,027 (HK$135,000) and share premium of CNY128,665,267 (HK$161,865,000), as further detailed in note 28 to the financial statements.

(b) Safety fund and production maintenance fund

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

(c) Special reserves

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

31. COMMITMENTS

(a) Capital commitments

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

	2015 CNY'000	2014 CNY'000
Construction and purchase of property, plant and equipment		
– Contracted, but not provided for	**10,774**	35,108
– Authorised, but not contracted for	**9,554**	9,926
	20,328	45,034

(b) Operating lease commitments

The Group has commitments to make the following future minimum lease payments under non-cancellable operating leases:

	2015 CNY'000	2014 CNY'000
Within the first year	**351**	1,961
After one year but not more than five years	**–**	904
	351	2,865

32. RELATED PARTY TRANSACTIONS

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

(a) Commercial transactions with related companies

Commercial transactions with related companies are summarized as follows:

	2015 CNY'000	2014 CNY'000
Payment of its share of office rental, rates and others to Anka Consultants Limited ("Anka") *	**680**	658

* On 1 July 2014, the Company and CHNR signed the office sharing agreement with Anka, a private Hong Kong company that is owned by certain Directors. The agreement will expire on 30 June 2016. Pursuant to the agreement, the office premises of 119 square meters are shared by the Company and CHNR on equal basis. The agreement also provides that the Company and CHNR shall share certain costs and expenses in connection with their use of the office, in addition to some of the accounting and secretarial services and day-to-day office administration provided by Anka.

32. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

	2015 CNY'000	2014 CNY'000
Wages, salaries and allowances	1,668	2,436
Contribution to pension plans	51	103
Housing funds	38	64
Welfare and other expenses	34	59
	1,791	2,662

Further details of the directors' and chief executive's emoluments are included in note 11 to the financial statements.

(c) Outstanding balance with a related company

The Group's payable with a related company, which is all unsecured and non-interest-bearing, is summarized as follows:

	2015 CNY'000	2014 CNY'000
Non-current		
Feishang Enterprise Group Co., Ltd.*	1,398,679	579,836
	1,398,679	579,836

* The entity is under the control of Mr. Li Feilie.

The related party transactions in respect of item (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

33. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Bijie Feishang Energy Co., Ltd. (畢節飛尚能源有限公司)	Mainland China 19 October 2010	10,000	–	100	Investment holding
Guizhou Dayun Mining Co., Ltd. (貴州大運礦業有限公司)	Mainland China 14 April 2004	150,000	–	100	Coal development and mining
Guizhou Fuyuantong Energy Co., Ltd. (貴州福源通能源有限公司)	Mainland China 10 March 2010	10,000	–	100	Investment holding
Guizhou Nayong Dayuan Coal Mining Co., Ltd. (貴州納雍縣大圓煤業有限公司)	Mainland China 22 January 2009	46,000	–	100	Coal development and mining
Guizhou Puxin Energy Co., Ltd. (貴州浦鑫能源有限公司)	Mainland China 15 January 2009	150,000	–	100	Investment holding and coal trading
Guizhou Yongfu Mining Co., Limited (貴州永福礦業有限公司) ("Guizhou Yongfu")	Mainland China 27 June 2005	100,000	–	70	Coal development and mining
Hong Kong Smartact Limited (香港英策有限公司)	Hong Kong 25 January 2010	–	100	–	Investment holding
Hainan Yangpu Dashi Industrial Co., Limited (海南洋浦大石實業公司)	Mainland China 13 April 2004	1,000	–	100	Investment holding
Jinsha Baiping Mining Co., Ltd. (金沙縣白坪礦業有限公司) ("Baiping Mining")	Mainland China 15 January 2009	58,000	–	70	Coal development and mining

33. PARTICULARS OF THE SUBSIDIARIES (continued)

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital CNY'000	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Jinsha Juli Energy Co., Ltd. (金沙縣聚力能源有限公司)	Mainland China 16 November 2012	30,000	–	100	Coal washing
Liuzhi Linjiaao Coal Mining Co., Ltd. (六枝特區林家嶴煤業有限公司)	Mainland China 19 November 2008	30,600	–	100	Coal development and mining
Liuzhi Xinsong Coal Mining Co., Ltd. (六枝特區新松煤業有限公司)	Mainland China 13 November 2008	60,000	–	100	Coal development and mining
Nayong Gouchang Coal Mining Co., Ltd. (納雍縣狗場煤業有限公司)	Mainland China 10 September 2009	40,000	–	99	Coal development and mining
Shenzhen Chixin Information and Consulting Co., Ltd. (深圳市馳鑫信息諮詢有限公司)	Mainland China 18 July 2012	1,000	–	100	Provision of management and consulting services to other companies in the Group

On 5 June 2015, Guizhou Puxin acquired a 1% interest in Liuzhi Xinsong Coal Mining Co., Ltd. from a non-controlling shareholder, Mr. Cai Songqing. The purchase consideration for the acquisition was in the form of cash amounting to CNY1.8 million and paid by the end of 2015.

On 9 June 2015, Guizhou Puxin acquired 1% interest in Liuzhi Linjiaao Coal Mining Co., Ltd. from a non-controlling shareholder, Mr. Zheng Shengjian. The purchase consideration for the acquisition was in the form of cash amounting to CNY1.0 million and paid by the end of 2015.

On 30 June 2015, the Company completed the acquisition Hongkong Madia and planned to start the terrestrial TV broadcasting business (note 41). On 23 December 2015, the Company disposed of Hongkong Madia. The disposal consideration was in the form of cash amounting to HK$1.0 million and received by the end of 2015 (note 42).

34. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are derecognised in their entirely

At 31 December 2015, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of CNY50.5 million (2014: CNY27.8 million). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement").The Endorsement has been made evenly throughout the year.

(b) Transferred financial assets that are not derecognised in their entirely

As part of its normal business, the Group entered into several trade receivable factoring arrangements (the "Arrangements") and transferred certain trade receivables to a financial institution. Under the Arrangements, the Group is still exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the Arrangements that have not been settled as at 31 December 2015 amounted to was CNY13.1 million (2014: nil). The carrying amount of the assets that the Group continued to recognise as at 31 December 2015 amounted to was CNY13.1 million (2014: nil) and that of the associated liabilities as at 31 December 2015 amounted to was CNY11.0 million (2014: nil).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

The carrying amounts of the Group's cash and cash equivalents, time deposits, restricted bank deposits, trade and bills receivables, and certain other current assets, represent the Group's maximum exposure to credit risk in relation to its financial assets.

Cash and cash deposits

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

Trade receivables

The Group sells anthracitic coal to companies in the PRC. Trade receivables are typically unsecured and are mainly derived from revenue earned from customers in the PRC. The risk with respect to trade receivables is mitigated by credit evaluations that the Group performs on its customers and its ongoing monitoring of outstanding balances. The Group provides impairment for trade receivables primarily based on the age of the balances and factors surrounding the customer's creditworthiness. A provision of CNY0.1 million for impairment of trade receivables was made during the years ended 31 December 2015 (2014: nil). As at 31 December 2015, receivables due from the largest five customers accounted for 43.1% (2014: 70.2%) of the trade receivables.

Sales to the largest five customers accounted for 50.3% (2014: 62.8%) of the consolidated revenue for the year ended 31 December 2015. The largest five customers are all recognised and creditworthy third parties and their trading terms are mainly on payment in advance or with a credit period of one month. The Group expects the concentration of coal customers to subside once the production volume increases in the future.

Bills receivable

Bills receivable represent letters of credit obtained by customers of the Group to finance purchases which have been presented to banks for payment after delivery of goods to customers. As at 31 December 2015, the bills receivable balance was guaranteed by financial institutions. The bills receivable have normal terms of maturity of six months.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The interest rate risk is closely monitored by the Group's senior management. As at 31 December 2015, the interest rates for 28.3% (2014: 49.6%) of the Group's interest-bearing debts were fixed. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of interest-bearing bank and other borrowings and mining rights payables with floating interest rates except for interest which is capitalised. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
		CNY'000
Year ended 31 December 2015	**100**	**5,894**
	(100)	**(5,894)**
Year ended 31 December 2014	100	5,559
	(100)	(5,559)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk

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

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

31 December 2015	**On demand CNY'000**	**Less than 1 year CNY'000**	**1 to 5 years CNY'000**	**More than 5 years CNY'000**	**Total CNY'000**
Trade and bills payables	**–**	**491,565**	**–**	**–**	**491,565**
Other payables and accrued liabilities	**–**	**79,261**	**–**	**–**	**79,261**
Interest-bearing bank and other borrowings	**–**	**733,389**	**400,017**	**–**	**1,133,406**
Due to a related company	**–**	**–**	**–**	**1,398,679**	**1,398,679**
Mining rights payables	**–**	**53,004**	**15,954**	**–**	**68,958**
	–	**1,357,219**	**415,971**	**1,398,679**	**3,171,869**

31 December 2014	On demand CNY'000	Less than 1 year CNY'000	1 to 5 years CNY'000	More than 5 years CNY'000	Total CNY'000
Trade and bills payables	–	203,101	–	–	203,101
Other payables and accrued liabilities	–	51,651	–	–	51,651
Interest-bearing bank and other borrowings	–	1,196,919	820,132	–	2,017,051
Due to related companies	–	–	–	579,836	579,836
Mining rights payables	–	46,410	49,085	–	95,495
	–	1,498,081	869,217	579,836	2,947,134

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Capital management

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

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

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

	2015	2014
	CNY'000	CNY'000
Interest-bearing debt	**1,103,770**	1,938,526
Total equity	**(376,822)**	156,833
Total capital	**726,948**	2,095,359
Gearing ratio	**151.8%**	92.5%

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

The Group has two subsidiaries with material non-controlling interests ("NCI"). Information regarding these subsidiaries is as follows:

Year ended 31 December 2015

Name	Principal place of business	NCI in subsidiary	Loss allocated to NCI CNY'000	Accumulated NCI CNY'000	Dividends paid to NCI in the year CNY'000
Baiping Mining	Mainland China	**30%**	**(5,103)**	**63,883**	**–**
Guizhou Yongfu	Mainland China	**30%**	**(10,451)**	**430,767**	**–**

Year ended 31 December 2014

Name	Principal place of business	NCI in subsidiary	Profit/(loss) allocated to NCI CNY'000	Accumulated NCI CNY'000	Dividends paid to NCI in the year CNY'000
Baiping Mining	Mainland China	30%	(3,151)	68,986	–
Guizhou Yongfu	Mainland China	30%	776	441,218	–

Summarized financial statements including consolidation adjustments but before inter-company eliminations are as follows:

Baiping Mining

	2015 CNY'000	2014 CNY'000
Cash and cash equivalents	**288**	101
Other current assets	**48,442**	45,985
Non-current assets	**342,304**	340,656
	391,034	386,742
Current liabilities	**121,161**	100,497
Non-current liabilities	**56,930**	56,293
	178,091	156,790

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

Baiping Mining

	2015 CNY'000	2014 CNY'000
Revenue	19,052	69,193
Cost of sales	(24,412)	(55,921)
Total expenses	(11,650)	(23,775)
Loss for the year	(17,010)	(10,503)
Total comprehensive loss for the year, net of tax	(17,010)	(10,503)
Net cash flows used in operating activities	(29,026)	(21,768)
Net cash flows used in investing activities	(4,022)	(8,316)
Net cash flows generated from financing activities	33,235	26,829
Increase/(decrease) in cash and cash equivalents	187	(3,255)

Guizhou Yongfu

	2015 CNY'000	2014 CNY'000
Cash and cash equivalents	7,407	39,812
Other current assets	132,061	92,290
Non-current assets	2,046,089	2,070,115
	2,185,557	2,202,217
Current liabilities	671,428	497,072
Non-current liabilities	78,239	234,419
	749,667	731,491

Guizhou Yongfu

	2015 CNY'000	2014 CNY'000
Revenue	151,979	231,403
Cost of sales	(160,724)	(172,328)
Total expenses	(26,091)	(56,488)
(Loss)/profit for the year	(34,836)	2,587
Total comprehensive (loss)/income for the year, net of tax	(34,836)	2,587
Net cash flows (used in)/generated from operating activities	(39,323)	1,225
Net cash (used in)/generated from investing activities	(5,750)	13,385
Net cash flows generated from financing activities	12,668	14,774
(Decrease)/increase in cash and cash equivalents	(32,405)	29,384

37. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 31 December 2015 and 2014, there was no financial instrument measured at fair value.

38. MAJOR NON-CASH TRANSACTION

In 2015, the Group entered into several trade receivable factoring arrangements and transferred certain trade receivables to a financial institution, who has received the cash in relation to such trade receivables amounted to CNY33.3 million (2014: nil).

39. EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period are noted.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 **CNY'000**	2014 CNY'000
NON-CURRENT ASSET		
Investment in a subsidiary	**–**	–
CURRENT ASSETS		
Due from a subsidiary	**134,493**	9,252
Prepayment to suppliers	**166**	–
Cash and cash equivalents	**28,249**	151,948
TOTAL CURRENT ASSETS	**162,908**	161,200
TOTAL ASSETS	**162,908**	161,200
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Other payables and accrued liabilities	**2,981**	5,094
TOTAL CURRENT LIABILITIES	**2,981**	5,094
TOTAL LIABILITIES	**2,981**	5,094
EQUITY		
Share capital	**1,081**	1,081
Reserves	**158,846**	155,025
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**159,927**	156,106
TOTAL EQUITY	**159,927**	156,106
TOTAL LIABILITIES AND EQUITY	**162,908**	161,200

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

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

	Share capital CNY'000	Share premium account CNY'000	Accumulated losses CNY'000	Exchange fluctuation reserve CNY'000	Total CNY'000
At 1 January 2014	973	75,859	(46,936)	650	30,546
Issuance of shares (note 28)	108	129,313	–	–	129,421
Share issue expenses	–	(648)	–	–	(648)
Loss for the year	–	–	(3,946)	–	(3,946)
Foreign currency translation adjustments	–	–	–	733	733
Total comprehensive loss for the year	–	–	(3,946)	733	(3,213)
At 31 December 2014 and 1 January 2015	**1,081**	**204,524**	**(50,882)**	**1,383**	**156,106**
Loss for the year	**–**	**–**	**(3,326)**	**–**	**(3,326)**
Foreign currency translation adjustments	**–**	**–**	**–**	**7,147**	**7,147**
Total comprehensive loss for the year	**–**	**–**	**(3,326)**	**7,147**	**3,821**
At 31 December 2015	**1,081**	**204,524**	**(54,208)**	**8,530**	**159,927**

41. ACQUISITION

On 30 June 2015, the Company entered into a sale and purchase agreement (the "Original SPA") with Guilin City Ceke Communication Equipment Co., Ltd. ("Guilin Ceke"), which was an unrelated company then and established in the PRC with limited liability and Mr. Liao Jun, an unrelated third party, pursuant to which the Company acquired their respective 51% and 49% equity interests in Hongkong Madia, a company incorporated in Hong Kong, together with the shareholders' loans at an aggregate consideration of US$6,500,000 subject to certain payment conditions, including among other things, completion of the certain restructuring of business on or before 31 December 2015 or any other later date that the Company may agree in writing (the "Undertaking"). The acquisition was completed on 30 June 2015 immediately after the execution of the Original SPA, and the Company thereby became the legal and beneficial owner of the entire issued share capital of Hongkong Madia.

41. ACQUISITION (continued)

Hongkong Madia is an investment holding company principally engaged in the operations of wide frequency band microwave digital terrestrial TV broadcasting through its overseas companies. As at 30 June 2015, Hongkong Madia was the beneficial owner of (i) 35% of the issued share capital of/equity interest in Electroteks Ceke (Private) Limited, a company incorporated in Sri Lanka with limited liability; (ii) 70% of the issued share capital of/equity interest in КиДиЭмТиВи, a company incorporated in Kyrgyzstan with limited liability; (iii) 50% of the issued share capital of/equity interest in Ceke Madagascar Private Investment Agency SA, a company incorporated in Madagascar with limited liability; and (iv) 33% of the issued share capital of/equity interest in TV de San Jose UHF, S.A., a company incorporated in Costa Rica with limited liability. The investments in the abovementioned overseas companies are recorded as available-for-sale investments.

As at 30 June 2015, the Group has yet exercised significant influence or control over the underlying equity investments of Hongkong Madia as aforementioned.

42. DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

Guilin Ceke and Mr. Liao Jun admitted and acknowledged that, in breach of their agreement under the Original SPA and the Undertaking, they have failed to procure the satisfaction of the conditions and have failed to procure the completion of the restructuring in accordance with the Original SPA and have requested the Company to release and discharge them from their obligations under the Undertaking. On 23 December 2015, the Company, as the vendor, entered into the Sale and Purchase Deed (the "New SPA") with the Guilin Ceke, Mr. Liao Jun and Hongkong Madia, pursuant to which, among other things, the Company sold to Mr. Liao its interests in Hongkong Madia, free from any encumbrance for a cash consideration of HK$1 million. The disposal was completed on 23 December 2015, and the cash consideration ("New Consideration") was received on 23 December 2015. Up to 23 December 2015, the payment conditions as in the Original SPA were not met, and the Company had not paid any consideration to Guilin Ceke and Mr. Liao Jun pursuant to the Original SPA.

The available-for-sale investments were derecognised pursuant to the disposal, and an income arising from the disposal of CNY803,500 (HK$1,000,000) was recognised in the consolidated statement of profit or loss.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2016.

SUMMARY OF MINE PROPERTIES

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

	Commercial Production						To be closed for consolidation
Mine	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Dayuan Coal Mine (Note 2)	Liujiaba Coal Mine (Note 3)	Zhulinzhai Coal Mine (Note 3)	Gouchang Coal Mine (Note 1)
Location (within Guizhou province, the PRC)	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Jinsha County, Qianbei Coal District	Nayong County, Zhina Coal District	Liuzhi Special District, Zhina Coal District	Liuzhi Special District, Zhina Coal District	Nayong County, Zhina Coal District
Equity interest held by the Group	70%	70%	100%	100%	100%	100%	99%
Date of initial/expected commercial production	June 2009	February 2014	July 2015	November 2013	December 2012	April 2012	n/a
Mining area (square kilometres)	3.0143	18.2340	16.9035	1.6490	3.7891	1.4104	n/a
Number of mineable	5	5	4	4	3	5	n/a
Designed annual production capacity (Tonnes)	300,000	900,000	900,000	300,000	300,000	300,000	n/a
Permitted annual Production capacity (Tonnes) (Note 4)	150,000	600,000	600,000	300,000	300,000	300,000	n/a
Expiry date of the mining right	December 2015 (Note 5)	November 2027	March 2031	March 2023	September 2019	July 2018	n/a

SUMMARY OF MINE PROPERTIES

Mine	Baiping Coal Mine	Yongsheng Coal Mine	Dayun Coal Mine	Dayuan Coal Mine	Liujiaba Coal Mine	Zhulinzhai Coal Mine	Gouchang Coal Mine
	Commercial Production						To be closed for consolidation
Reserve data (as of 31 July 2013) (Note 6)							
Proved reserve (million tonnes)	3.44	3.77	12.50	2.99	2.08	2.15	1.87
Probable reserve (million tonnes)	19.04	48.19	84.79	5.27	11.52	7.41	3.85
Total proved and probable reserve (million tonnes)	**22.48**	**51.96**	**97.29**	**8.26**	**13.60**	**9.56**	**5.72**
Average Coal Quality of Raw Coal							
Moisture (%)	2.47	2.28	2.40	1.15	1.38	1.87	n/a
Ash (%)	19.04	17.95	18.27	24.60	25.03	21.84	n/a
Volatile Matter (%)	9.88	11.72	9.20	9.33	12.57	11.49	n/a
Sulfur (%)	2.35	1.27	2.12	1.16	2.30	1.81	n/a
Heating Value (MJ/kg)	28.33	28.62	28.03	25.79	23.95	28.14	n/a
Density (tonnes/m3)	1.45	1.43	1.49	1.49	1.49	1.41	n/a
Reserve data (as of 31 December 2015) (Note 7)							
Proved reserve (million tonnes)	2.84	1.71	11.80	2.92	1.83	2.07	n/a
Probable reserve (million tonnes)	19.04	48.19	84.79	5.27	11.52	7.41	n/a
Total proved and probable reserve (million tonnes)	**21.88**	**49.90**	**96.59**	**8.19**	**13.35**	**9.48**	**n/a**
Capital Expenditure for the year ended 31 December 2015 (CNY in millions)	6.96	70.47	110.69	4.61	2.91	1.99	n/a
Output – Pilot run for the year ended 31 December 2015 (millions Tonnes)	n/a	n/a	0.23	n/a	n/a	n/a	n/a
Output – Commercial run for the year ended 31 December 2015 (millions Tonnes)	0.14	0.86	0.45	–	–	–	n/a

Notes:

(1) The Group has planned to either disposed of Gouchang Coal Mine or have it suspended/closed down until the consolidation with Yongsheng Coal Mine in accordance with relevant Guizhou province's coal mine consolidation policy. The credit of the coal resource and reserve of Gouchang Coal Mine will be retained and utilised by Yongsheng Coal Mine in future.

(2) Operations have been suspended at Dayuan Coal Mine since June 2014 pending the passing of verification and acceptance procedures conducted by the Nayong County Administration Bureau of Work Safety.

(3) Operations have been suspended at Liujiaba Coal Mine and Zhulinzhai Coal Mine since June 2014 pending the passing of inspection and assessment procedures conducted by relevant coal mine regulatory authorities.

(4) This represents the annual production capacity as permitted under the relevant mining rights permits.

(5) The mining right permit of Baiping Coal Mine is being renewed.

(6) The reserve data as of 31 July 2013 is extracted from competent person's report dated 7 December 2013 prepared by Behre Dolbear Asia, Inc. under the JORC Code.

(7) The reserve data as of 31 December 2015 has been substantiated by the Group's internal expert by adjusting those reserves extracted by the Group's mining activities from August 2013 to December 2015 from the proved reserve figure as of 31 July 2013. All assumptions and technical parameters set out in the competent person's report as shown in the listing document of the Company dated 31 December 2013 have not been materially changed and are continued to apply to the reserve data as of 31 December 2015.

(8) There was no exploration activity for the Group during 2015.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
Continuing Operations					
Revenue	**239,888**	363,365	175,011	126,732	77,679
Cost of sales	**(237,741)**	(276,147)	(104,041)	(80,895)	(55,978)
Gross profit	**2,147**	87,218	70,970	45,837	21,701
Administrative expenses	**(78,168)**	(112,971)	(132,757)	(68,439)	(43,300)
Other operating expenses	**(4,717)**	(6,460)	(4,938)	(1,436)	(1,260)
Operating loss	**(474,568)**	(107,384)	(257,240)	(27,687)	(25,763)
Finance costs	**(118,666)**	(144,099)	(115,194)	(44,403)	(31,662)
Loss before income tax	**(592,350)**	(251,802)	(186,769)	(72,919)	(57,770)
Income tax benefit/(loss)	**86,393**	27,877	2,687	15,472	(8,041)
Loss for the year	**(505,957)**	(223,925)	(184,082)	(57,447)	(65,811)
Loss attributable to the owners of the Company	**(488,400)**	(220,727)	(185,169)	(65,799)	(65,067)
Discontinued Operations					
(Loss)/profit before income tax	**(28,944)**	(2,129)	(195,585)	(9,347)	2,620
Income tax benefit/(loss)	**2,096**	(773)	45,130	(262)	(1,709)
(Loss)/profit for year	**(26,848)**	(2,902)	(150,455)	(9,609)	911
(Loss)/profit attributable to the owners of the Company	**(26,580)**	(2,873)	(148,950)	(9,513)	902
Total loss for the year	**(532,805)**	(226,827)	(334,537)	(67,056)	(64,900)
Basic loss per share (CNY per share)	**(0.37)**	(0.18)	(2.78)	(0.63)	(0.53)

	As at 31 December				
	2015	2014	2013	2012	2011
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
Assets and Liabilities					
Current assets	**475,074**	453,615	296,760	285,754	179,085
Non-current assets	**2,430,256**	2,767,364	2,609,801	2,477,108	2,125,475
Current liabilities	**1,358,192**	1,480,168	1,464,968	1,315,865	811,181
Non-current liabilities	**1,923,960**	1,583,978	1,186,217	939,402	927,910
Total equity	**(376,822)**	156,833	255,376	507,595	565,469