

TARGET

Intelligence Report

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**FEISHANG ANTHRACITE RESOURCES LTD:
THE COMPANY, NOW, HAS TO BORROW
MONEY FROM BANKS – TO BUY COAL !**

The Company's Gearing Ratio Is In Excess Of 139 Percent !

Without the financial backing of Mr Li Fei Lie (李非列), via Feishang Enterprise Group Company Ltd (飛尚實業集團有限公司), a corporate entity, totally controlled by Mr Li Fei Lie, it is questionable as to whether or not Feishang Anthracite Resources Ltd could, ever, have been considered a '*going concern*.'

At Page 62 of the 2022 Annual Report of Feishang Anthracite Resources Ltd (飛尚無煙煤資源有限公司) (Code: 1738, Main Board, The Stock Exchange of Hongkong Ltd), Ernst and Young (安永會計師事務所), the Independent Auditor of Feishang Anthracite Resources Ltd, under the sub-heading, '**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**,' made the following observation:

'We draw attention to Note 2.1 to the consolidated financial statements, which indicates that as at 31 December 2022, the Group had net current liabilities of CNY3,011.7 million and shareholders' deficit of CNY547.8 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.'*

*CNY = Chinese Yuan.

At Page 77 of the 2022 Annual Report of Feishang Anthracite Resources Ltd, under the heading, '**BASIS OF PREPARATION**,' one was informed of the following intelligence:

'Going concern

'As at 31 December 2022, the Group had net current liabilities of CNY3,011.7 million and shareholders' deficit of CNY547.8 million. In view of these circumstances, the Directors have given consideration to the future liquidity, performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Feishang Enterprise Group Co.,

Ltd. (“Feishang Enterprise”), controlled by Mr. Li Feilie, has undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations.

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

‘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.’

Then, at the foot of Page 137 of the 2022 Annual Report of Feishang Anthracite Resources Ltd, one learns, amongst other things:

‘In addition, Mr. Li Feilie has guaranteed certain of the Group’s interest-bearing bank and other borrowings up to CNY1,661.3 million (31 December 2021: CNY1,739.8 million) as at 31 December 2022. Also, the ‘Group’s fellow subsidiaries have guaranteed certain of the Group’s interest-bearing bank and other borrowings up to CNY1,661.3 million (31 December 2021: CNY1,794.8 million) as at 31 December 2022.’

Making matters at this Company, seemingly even more critical, was that, on or about Friday, December 8, 2023, Senior Management of Feishang Anthracite Resources Ltd caused to publish and disseminate the following announcement in the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)**.

It was headlined:

‘INSIDE INFORMATION, BUSINESS UPDATE’

The four-paragraph announcement is hereby copied, verbatim:

‘This announcement is made by Feishang Anthracite Resources Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

*‘The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company about the latest situation and progress of the Group’s business and the possible relevant effects on the Group’s financial results for the year ending 31 December 2023.*

‘As disclosed in the previous annual reports of the Company, the Group has encountered geological complexities of current mining faces. The geological complexities have continued well into 2023, and two major coal mines of the Group, Yongsheng Coal Mine and Dayun Coal Mine, have respectively since 4 October and 21 October this year experienced several incidents of gas overruns caused by untimely gas discharge in the mining process which exceeded the applicable regulatory limits. The Jinsha County Energy Bureau has required the two major coal mines to temporarily suspend production for rectification and carried out several rectification acceptance inspections, but as of the date of this announcement, the Group has not yet received the official production resumption approval from Jinsha County Energy Bureau. The Group is taking proactive measures to complete the rectification requirements and resume production as soon as possible. The Company is still assessing the impact of this longer-than-expected suspension of production on the Group’s financial results ... [CLICK TO ORDER FULL ARTICLE](#)

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