中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Di ec o efe o he p ofi a ning anno ncemen of he Compan da ed 14 A g 2020. The financial highligh of he G o p fo he i mon h ended 30 J ne 2020 a e e o a follo :

- Re en e fo he i mon h ended 30 J ne 2020 a RMB845.7 million, ep e en ing a dec ea e of 36.4% a compa ed o he co e ponding pe iod in 2019.

- Coal handling and ading ol me fo he i mon h ended 30 J ne 2020 a 2.67 million onne , ep e en ing a dec ea e of 21.1% a compa ed o he co e ponding pe iod in 2019.

- G o p ofi ma gin fo he i mon h ended 30 J ne 2020 a 9.76% a compa ed i h g o p ofi ma gin 14.36% o he co e ponding pe iod in 2019.

- Lo a ib able o eq i ha eholde of he Compan fo he i mon h ended 30 J ne 2020 a RMB54.8 million, a compa ed i h p ofi of RMB45.5 million fo he co e ponding pe iod in 2019.

- Ba ic and dil ed lo pe ha e of he Compan a RMB2.30 cen fo he i mon h ended 30 J ne 2020, ep e en ing a dec ea e of RMB4.02 cen a compa ed i h ba ic and dil ed ea ning pe ha e of RMB1.72 cen fo he co e ponding pe iod in 2019.

The boa d (he **Board**) of di ec o (he **Directors**) of China Qinfa G o p Limi ed (he **Company**) efe o he p ofi a ning anno ncemen of he Compan da ed 14 A g 2020. The Boa d he eb anno nce he na di ed con olida ed e l and financial po i ion of he Compan and i b idia ie (collec i el , he **Group**) fo he i mon h ended 30 J ne 2020 i h compa a i e fig e fo he i mon h ended 30 J ne 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fo he i mon h ended 30 J ne 2020

		Six months ended 30 June	
		2020	2019
	No e	***RMB'000***	*RMB'000*
		(Unaudited)	(Una di ed)
Revenue	*5*	**845,685**	1,328,667
Co of ale		**(763,141)**	(1,137,880)
Gross profit		**82,544**	190,787
O he income, gain and lo e	*6*	**21,066**	20,679
Di ib ion e pen e		**(1,667)**	(2,802)
Admini a i e e pen e		**(80,143)**	(85,908)
Re e al of impai men lo e on ade ecei able , ne		**20,988**	18,261
(Impai men lo e)/ e e al of impai men lo e on p epa men and o he ecei able , ne		**(12,220)**	10,119
O he e pen e		**(3,851)**	(12,447)
Results from operating activities		**26,717**	138,689
Finance income		**951**	108
Finance co		**(171,162)**	(135,177)
Net finance costs	*7*	**(170,211)**	(135,069)
(Loss)/profit before taxation	*8*	**(143,494)**	3,620
Income a c edi	*9*	**58,546**	47,864
(Loss)/profit for the period		**(84,948)**	51,484
Other comprehensive income/(loss)			
I em ha ma be ecla ified b eq en l o p ofi o lo :			
Fo eign c enc an la ion diffe ence fo fo eign ope a ion		**1,142**	(95)
Other comprehensive income/(loss) for the period, net of tax		**1,142**	(95)
Total comprehensive (loss)/income for the period		**(83,806)**	51,389

		Six months ended 30 June	
		2020	2019
	No e	***RMB'000***	*RMB'000*
		(Unaudited)	(Una di ed)
(Loss)/profit for the period attributable to:			
Eq i ha eholde of he Compan		**(54,787)**	45,466
Non-con olling in e e		**(30,161)**	6,018
(Loss)/profit for the period		**(84,948)**	51,484
Total comprehensive (loss)/income for the period attributable to:			
Eq i ha eholde of he Compan		**(53,645)**	45,371
Non-con olling in e e		**(30,161)**	6,018
Total comprehensive (loss)/income for the period		**(83,806)**	51,389
(Loss)/earnings per share attributable to the equity shareholders of the Company during the period	*10*		
Basic (loss)/earnings per share		**(RMB2.30 cents)**	RMB1.72 cen
Diluted (loss)/earnings per share		**(RMB2.30 cents)**	RMB1.72 cen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**At 30 June 2020** *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**4,573,890**	4,669,115
Coal mining rights	*11*	**3,926,522**	4,017,884
Right-of-use assets		**8,875**	10,828
Other deposits	*13*	**29,439**	
Investment in an associate		**–**	
		8,538,726	8,697,827
Current assets			
Inventories		**57,383**	59,520
Trade receivables	*12*	**141,339**	129,128
Prepayments, deposits and other receivables	*13*	**238,084**	293,234
Pledged and restricted deposits		**14,205**	15,229
Cash and cash equivalents		**84,736**	159,695
		535,747	656,806
Current liabilities			
Trade payables	*14*	**(425,763)**	(333,947)
Other payables and contract liabilities	*15*	**(2,174,075)**	(2,576,696)
Lease liabilities		**(3,296)**	(3,819)
Borrowings	*16*	**(2,210,835)**	(2,163,276)
Tax payable		**(213,561)**	(219,054)
		(5,027,530)	(5,296,792)
Net current liabilities		**(4,491,783)**	(4,639,986)
Total assets less current liabilities		**4,046,943**	4,057,841

	No e	At 30 June 2020 RMB'000 (Unaudited)	A 31 Decembe 2019 RMB'000 (A di ed)
Non-current liabilities			
O he pa able	*15*	**–**	(20,550)
Acc ed eclama ion obliga ion		**(128,965)**	(124,010)
Lea e liabili ie		**(521)**	(1,495)
Bo o ing	*16*	**(2,345,163)**	(2,172,848)
Defe ed a a ion		**(1,109,489)**	(1,173,674)
		(3,584,138)	(3,492,577)
Net assets		**462,805**	565,264
Capital and reserves			
Sha e capi al		**211,224**	211,224
Pe pe al bo dina ed con e ible ec i ie		**156,931**	156,931
Defici		**(782,809)**	(710,511)
Total deficit attributable to equity shareholders of the Company		**(414,654)**	(342,356)
Non-controlling interests		**877,459**	907,620
Total equity		**462,805**	565,264

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 J ne 2020

1. COMPANY BACKGROUND AND BASIS OF PREPARATION

1.1 General information

China Qinfa G o p Limi ed (he **Company**) a inco po a ed in he Ca man I land on 4 Ma ch 2008 a an e emp ed compan i h limi ed liabili nde he Companie La (2007 e i ion) of he Ca man I land . The Compan ' ha e e e li ed on he Main Boa d of The S ock E change of Hong Kong Limi ed (he **Stock Exchange**) i h effec i e f om 3 J l 2009 (he **Listing Date**). The add e of i egi e ed office i C icke Sq a e, H chin D i e, P.O. Bo 2681, G and Ca man KY1-1111, Ca man I land and he p incipal place of b ine of he Compan i Uni No . 2201 o 2208, le el 22, So h To e , Pol In e na ional Pla a, No. 1 Pa ho A en e Ea , Ha h Di ic , G ang ho Ci , he People' Rep blic of China (he **PRC**).

The p incipal ac i i ie of he Compan and i b idia ie (oge he , he **Group**) a e coal mining, p cha e and ale , fil e ing, o age, blending of coal in he PRC and hipping an po a ion.

The Compan ' f nc ional c enc i he Hong Kong dolla (**HKD**). Ho e e , he p e en a ion c enc of he conden ed con olida ed financial a emen i Renminbi (**RMB**) in o de o p e en he ope a ing e l and financial po i ion of he G o p ba ed on he economic en i onmen in hich he ope a ing b idia ie of he G o p ope a e.

1.2 Basis of preparation

The conden ed con olida ed financial a emen ha e been p epa ed in acco dance i h In e na ional Acco n ing S anda d (**IAS**) 34 In e im Financial Repo ing i ed b he In e na ional Acco n ing S anda d Boa d (**IASB**) and he applicable di clo e p o i ion of he R le Go e ning he Li ing of Sec i ie on he S ock E change.

The conden ed con olida ed financial a emen ha e been p epa ed in acco dance i h he ame acco n ing policie adop ed in he ann al financial a emen fo he ea ended 31 Decembe 2019, hich ha e been p epa ed in acco dance i h In e na ional Financial Repo ing S anda d (**IFRSs**) i ed b he IASB, e cep fo he adop ion of he ne and amendmen o IFRS hich a e manda o effec i e fo he ann al pe iod beginning on o af e 1 Jan a 2020 a di clo ed in no e 2.

The conden ed con olida ed financial a emen con ain conden ed con olida ed financial a emen
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Going concern basis

A a 30 J ne 2020, he G o p' c en liabili ie e ceed i c en a e b app o ima el RMB4,491,783,000 (31 Decembe 2019: RMB4,639,986,000). A a 30 J ne 2020, bo o ing and acc ed in e e (incl ding defa l in e e) amo n ing o app o ima el RMB824,067,000 and app o ima el RMB304,289,000 e pec i el (31 Decembe 2019: RMB1,005,361,000 and RMB264,318,000 e pec i el) ha had been pa d e and hence had become d e fo immedia e pa men e e no ene ed o olled o e pon ma i .

In addi ion, p an o he Se lemen Ag eemen en e ed in o fo he ea ended 31 Decembe 2018 and S pplemen al Se lemen Ag eemen en e ed in Ma ch 2020 (defined and de ailed in no e 16 o he conden ed con olida ed financial a emen), he e i a defa l cla e ha can eq i e he G o p o pa he o anding balance of he o iginal bo o ing and in e e pa able of app o ima el RMB4,027,188,000 and RMB582,028,000 e pec i el if he G o p fail o e le he ne bo o ing b in almen in acco dance i h he e i ed epa men ched le a ip la ed in he S pplemen al Se lemen Ag eemen . A a 30 J ne 2020, o he bo o ing i h ca ing amo n of onl RMB2,741,291,000 in ela ion o he afo e aid bo o ing e e ecogni ed in he G o p' conden ed con olida ed a emen of financial po i ion. The e i no occ ence of e en of defa l nde he Se lemen Ag eemen and S pplemen al Se lemen Ag eemen a a he end of he epo ing pe iod. Plea e ee no e 16 o he conden ed con olida ed financial a emen fo de ail .

A a he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e, he G o p ha no ob ained ai e f om he ele an bank /lende on ho e c o defa l cla e , and, a ep e en ed b he managemen of he G o p, he bank /lende ha e no demanded immedia e epa men f om he G o p e cep fo ho e a di clo ed in no e 16.

Mo eo e , he e a e a n mbe of li iga ion again he G o p of hich he de ail a e e o in no e 19 o he conden ed con olida ed financial a emen , mainl eq e ing he G o p o e le long o anding pa able i h in e e . And he G o p' bank depo i of app o ima el RMB32,000 e e e ic ed fo e in ela ion o he li iga ion p oceeding.

The e condi ion indica e he e i ence of a ma e ial nce ain hich ma ca ignifican do b on he G o p' abili o con in e a a going conce n.

The conden ed con olida ed financial a emen ha e been p epa ed on he a mp ion ha he G o p ill con in e o ope a e a a going conce n no i h anding he condi ion p e ailing a a 30 J ne 2020 and b eq en l he e o p o he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e. In o de o imp o e he G o p' financial po i ion, immedia e liq idi and ca h flo , and o he i e o ain he G o p a a going conce n, he di ec o of he Compan ha e adop ed e e al mea e oge he i h o he mea e in p og e a he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e hich incl de, b no limi ed o, he follo ing :

(i) The G o p applie co con ol mea e in co of ale , admini a i e e pen e and capi al e pendi e ;

(ii) Gi en he abili of coal ma ke and ead coal p ice , he G o p i e pec ed o gene a e ope a ing ca h inflo in coming ea f om i e i ing p od c ion facili ie con in o l . The G o p eco ded a ne ope a ing ca h inflo of RMB132,071,000 (i mon h ended 30 J ne 2019: RMB221,329,000) d ing he pe iod, and he di ec o of he Compan a e of he opinion ha he G o p ha fficien o king capi al o i p e en eq i emen fo he ne el e mon h f om 30 J ne 2020;

(iii) In ela ion o ho e bo o ing ha ha e been pa d e o ho e bo o ing ha became immedia el epa able d e o c o -defa l cla e e o in he e pec i e loan ag eemen , he G o p i in he p oce of nego ia ing i h he ele an bank and o he lende o e end he epa men da e and o ob ain ai e f om bank /lende ;

(i) Fo bo o ing hich ill be ma ing befo e 30 J ne 2021, he G o p ill ac i el nego ia e i h bank befo e he fall d e o ec e hei ene al o a o en e ha he nece a f nd o mee he G o p’ o king capi al and financial eq i emen in he f e ill con in e o be me . In ie ha he e ha e been no hi o of hich he bank and o he lende e e ci ed hei igh o call fo immedia e epa men of bo o ing and hei e pec i e in e e in imila ca e in he pa , he di ec o of he Compan a e of he opinion ha he G o p ha good ela ion hip i h bank hich o ld enhance he G o p’ abili o ene he e i ing ho - e m bo o ing pon ma i ; and

( ) The G o p ha appoin ed e e nal la e and/o a igned in e nal la e o handle he o anding li iga ion , and o mi iga e he i k e po e f om an in alid legal claim . In e pec of ome of he li iga ion , he di ec o of he Compan a e in he opinion ha he G o p ha alid g o nd o defend fo he cha ge .

On he ba i of he cce f l implemen a ion of he mea e de c ibed abo e in he fo e eeable f e and af e a e ing he G o p’ c en and fo eca ed ca h po i ion , he di ec o of he Compan a e a i fied ha he G o p ill be able o mee in f ll he G o p’ financial obliga ion a he fall d e fo he el e mon h f om 30 J ne 2020. Acco dingl , he conden ed con olida ed financial a emen of he G o p ha e been p epa ed on he going conce n ba i .

Sho ld he G o p be nable o con in e in b ine a a going conce n, adj men o ld ha e o be made o i e do n he ca ing amo n of he G o p’ a e o hei eco e able amo n , o p o ide fo an f he liabili ie ha ma a i e and o ecla if non-c en a e and non-c en liabili ie a c en a e and c en liabili ie e pec i el . The effec of he e adj men ha e no been eflec ed in he e conden ed con olida ed financial a emen .

2. CHANGES IN ACCOUNTING POLICIES

(a) Overview

In he c en in e im pe iod, he G o p ha applied, fo he fi ime, he Amendmen o Refe ence o he Concep al F ame o k in IFRS S anda d and a n mbe of amendmen o IFRS i ed b he IASB hich a e manda o effec i e fo he ann al pe iod beginning on o af e 1 Jan a 2020 fo he p epa a ion of he G o p’ conden ed con olida ed financial a emen . The G o p ha no ea l adop ed an o he anda d, in e p e a ion o amendmen ha ha been i ed b i no e effec i e.

The applica ion of he Amendmen o Refe ence o he Concep al F ame o k in IFRS S anda d and he amendmen o IFRS in he c en pe iod ha had no ma e ial impac on he G o p' financial pe fo mance and po i ion fo he c en and p io pe iod and/o on he di clo e e o in he e conden ed con olida ed financial a emen .

(b) Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendmen p o ide a ne defini ion of ma e ial ha a e info ma ion i ma e ial if omi ing, mi a ing o ob c ing i co ld ea onabl be e pec ed o infl ence deci ion ha he p ima e of gene al p po e financial a emen make on he ba i of ho e financial a emen , hich p o ide financial info ma ion abo a pecific epo ing en i . The amendmen al o cla if ha ma e iali depend on he na e o magni de of info ma ion, ei he indi id all o in combina ion i h o he info ma ion, in he con e of he financial a emen aken a a hole.

The applica ion of he amendmen in he c en pe iod had no impac on he conden ed con olida ed financial a emen . Change in p e en a ion and di clo e on he applica ion of he amendmen , if an , ill be eflec ed on he con olida ed financial a emen fo he ea ending 31 Decembe 2020.

3. ESTIMATES

The p epa a ion of he conden ed con olida ed financial a emen eq i e managemen o make j dgemen , e ima e and a mp ion ha affec he applica ion of acco n ing policie and he epo ed amo n of a e and liabili ie , income and e pen e. Ac al e l ma diffe f om he e e ima e .

In p epa ing he conden ed con olida ed financial a emen , he ignifican j dgemen made b managemen in appl ing he G o p' acco n ing policie and he ke o ce of e ima ion nce ain e e he ame a ho e ha applied o he con olida ed financial a emen fo he ea ended 31 Decembe 2019.

4. SEGMENT REPORTING

(a) Segment results, assets and liabilities

The G o p ha o epo able egmen coal b ine and hipping an po a ion hich a e he G o p' a egic b ine ni . The e a egic b ine ni offe diffe en p od c and e ice , and a e managed epa a el beca e he eq i e diffe en echnolog and ma ke ing a egie . Fo each of he a egic b ine ni , he Chief E ec i e Office (he **CEO**) e ie in e nal managemen epo on a mon hl ba i .

Fo he p po e of a e ing egmen pe fo mance and alloca ing e o ce be een egmen , he CEO moni o he e l , a e and liabili ie a ib able o each epo able egmen on he follo ing ba i :

The mea e ed fo epo ing egmen p ofi i adj ed p ofi befo e ne finance co and income a c edi i em no pecificall a ib able o indi id al egmen , ch a nalloca ed head office and co po a e e pen e a e f he adj ed.

Segmen a e incl de all angible a e , coal mining igh , lea e p epa men , in e e in an a ocia e and c en a e i h he e cep ion of nalloca ed co po a e a e . Segmen liabili ie incl de ade pa able , o he pa able a ib able o ac i i ie of he indi id al egmen , acc ed eclama ion obliga ion and bo o ing managed di ec l b he egmen .

Re en e and e pen e a e alloca ed o he epo able egmen i h efe ence o e en e gene a ed b ho e egmen and he e pen e inc ed b ho e egmen .

	Coal business		**Shipping transportation**		**Total**	
	Six months ended		**Six months ended**		**Six months ended**	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Una di ed)	**(Unaudited)**	(Una di ed)	**(Unaudited)**	(Una di ed)
Re en e f om e e nal c ome	**821,962**	1,288,964	**23,723**	39,703	**845,685**	1,328,667
Repo able egmen p ofi befo e a a ion	**34,275**	145,927	**463**	1,190	**34,738**	147,117
(Re e al of impai men lo e)/ impai men lo e on ade ecei able	**(20,988)**	(18,904)	**–**	643	**(20,988)**	(18,261)
Impai men lo e / (e e al of impai men lo e) on p epa men and o he ecei able	**12,220**	(10,119)	**–**		**12,220**	(10,119)

	At	A	**At**	A	**At**	A
	30 June	31 Decembe	**30 June**	31 Decembe	**30 June**	31 Decembe
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(A di ed)	**(Unaudited)**	(A di ed)	**(Unaudited)**	(A di ed)
Repo able egmen a e (incl ding in e e in an a ocia e)	**9,266,625**	9,506,136	**274,708**	259,507	**9,541,333**	9,765,643
Repo able egmen liabili ie	**(7,638,403)**	(7,699,230)	**(116,852)**	(100,707)	**(7,755,255)**	(7,799,937)

(b) Reconciliations of reportable segment revenue, (loss)/profit before taxation, assets and liabilities

Revenue

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Repo able egmen e en e and con olida ed e en e	**845,685**	1,328,667

(Loss)/profit before taxation

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Repo able egmen p ofi befo e a a ion	**34,738**	147,117
Unalloca ed head office and co po a e e pen e	**(8,021)**	(8,428)
Ne finance co	**(170,211)**	(135,069)
Con olida ed (lo)/p ofi befo e a a ion	**(143,494)**	3,620

Assets

	At	A
	30 June	31 Decembe
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(A di ed)
Repo able egmen a e	**9,541,333**	9,765,643
Elimina ion of in e - egmen ecei able	**(581,346)**	(528,082)
Unalloca ed co po a e a e	**114,486**	117,072
Con olida ed o al a e	**9,074,473**	9,354,633

Liabilities

	At	A
	30 June	31 Decembe
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(A di ed)
Repo able egmen liabili ie	**7,755,255**	7,799,937
Elimina ion of in e - egmen pa able	**(477,681)**	(407,524)
Ta pa able	**213,561**	219,054
Defe ed a a ion	**1,109,489**	1,173,674
Unalloca ed co po a e liabili ie	**11,044**	4,228
Con olida ed o al liabili ie	**8,611,668**	8,789,369

5. REVENUE

Di agg ega ion of e en e f om con ac i h c ome b e ice line i a follo :

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Sale of coal	**821,962**	1,288,964
Cha e hi e income	**23,723**	39,703
	845,685	1,328,667

Re en e f om ale of good a e ecogni ed hen he good a e an fe ed a a poin in ime. The pe fo mance obliga ion i a i fied pon he deli e of he good . Re en e f om ende ing of ime cha e e ice i ecogni ed on a aigh -line ba i o e he pe iod of each cha e . Re en e f om ende ing of o age cha e e ice i ecogni ed o e ime b efe ence o he p og e of he o age cha e e ice p o ided b he G o p. The pe fo mance obliga ion i a i fied pon he comple ion of he o age cha e e ice .

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Fo eign e change gain/(lo), ne	**2,232**	(316)
Ne (lo)/gain on di po al of p ope , plan and eq ipmen	**(6)**	46
Reco e of ade and o he ecei able p e io l i en off	**–**	8,967
Go e nmen b idie *(no e)*	**18,001**	
Lo on non- b an ial modifica ion of bo o ing *(No e 16)*	**(10,700)**	
O he	**11,539**	11,982
	21,066	20,679

No e: D ing he c en in e im pe iod, he go e nmen b idie of RMB17,879,000 e e g an ed b he PRC local go e nmen and ecei ed b he G o p a financial b idie on he G o p' b ine de elopmen i h condi ion ha he e pec i e en i ie o ld main ain hei p incipal place of b ine e fo he ame pe iod, hich e e f lfilled. The emaining go e nmen g an of RMB122,000 a e Co id-19- ela ed b idie nde he Emplo men S ppo Scheme p o ided b he Hong Kong go e nmen .

7. NET FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
In e e income	**(951)**	(108)
In e e on bo o ing	**65,234**	57,336
Penal in e e	**11,540**	11,481
In e e cha ge on n inding of di co n *(no e(ii))*	**94,388**	90,521
Le : in e e capi ali ed in o p ope , plan and eq ipmen *(no e (i))*	**–**	(24,161)
Finance co	**171,162**	135,177
Ne finance co	**170,211**	135,069

No e :

(i) No bo o ing co ha been capi ali ed fo i mon h ended 30 J ne 2020. The bo o ing co ha e been capi ali ed a a a e of 6.83% pe ann m fo i mon h ended 30 J ne 2019.

(ii) Thi i em ep e en he n inding of di co n fo he follo ing liabili ie ing he effec i e in e e a e:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Bo o ing	**89,287**	85,572
Lea e liabili ie	**145**	177
Acc ed eclama ion obliga ion	**4,956**	4,772
	94,388	90,521

8. (LOSS)/PROFIT BEFORE TAXATION

(Lo)/p ofi befo e a a ion i a i ed a af e cha ging:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Dep ecia ion of p ope , plan and eq ipmen	**127,429**	142,719
Dep ecia ion of igh -of- e a e	**2,166**	1,630
Amo i a ion of coal mining igh	**91,362**	104,466
P ope , plan and eq ipmen i en-off	**–**	638

9. INCOME TAX CREDIT

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
Current tax		
PRC Co po a e Income Ta	**5,593**	20,435
O e -p o i ion of PRC Co po a e Income Ta in p io ea *(no e (i))*	**–**	(29,404)
Hong Kong P ofi Ta	**45**	
	5,638	(8,969)
Defe ed a c edi	**(64,184)**	(38,895)
Income a c edi	**(58,546)**	(47,864)

No e :

(i) P an o he le and eg la ion of he Ca man I land and he B i i h Vi gin I land , he G o p i no bjec o an income a in he Ca man I land and he B i i h Vi gin I land (i mon h ended 30 J ne 2019: nil).

(ii) P o i ion fo Hong Kong P ofi Ta ha been made a he a e of 16.5% (i mon h ended 30 J ne 2019: nil) on he e ima ed a e able p ofi fo he b idia ie loca ed in Hong Kong d ing he pe iod.

(iii) P o i ion fo he PRC Co po a e Income Ta a ba ed on he a o a e of 25% (i mon h ended 30 J ne 2019: 25%) of he a e able p ofi of b idia ie hich ca ied on b ine e in he PRC.

(i) D ing he i mon h ended 30 J ne 2019, he di ec o of he Compan e ie ed he b idia ie ' p o i ion fo he PRC Co po a e Income Ta made in p e io ea and he e e of he opinion ha he likelihood of ili a ion of ce ain a p o i ion had become emo e and he efo e decided o elea e ho e a p o i ion of RMB29,404,000 o p ofi and lo .

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calc la ion of ba ic (lo)/ea ning pe ha e i ba ed on he p ofi /(lo) a ib able o o dina eq i ha eholde of he Compan and he eigh ed a e age n mbe of o dina ha e in i e d ing he pe iod.

The calc la ion of ba ic (lo)/ea ning pe ha e a ib able o o dina eq i ha eholde of he Compan fo he i mon h ended 30 J ne 2020 and 2019 a e ba ed on he follo ing da a:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Una di ed)
(Lo)/p ofi fo he pe iod a ib able o eq i ha eholde of he Compan	**(54,787)**	45,466
Le : Di ib ion ela ing o pe pe al bo dina ed con e ible ec i ie cla ified a eq i	**(2,639)**	(2,563)
(Lo)/p ofi fo he pe iod a ib able o o dina eq i ha eholde of he Compan	**(57,426)**	42,903
Weigh ed a e age n mbe of o dina ha e fo he p po e of ba ic (lo)/ea ning pe ha e	**2,493,413,985**	2,493,413,985

Diluted (loss)/earnings per share

Fo he i mon h ended 30 J ne 2020 and 2019, he comp a ion of dil ed (lo)/ea ning pe ha e ha no a med he e e ci e of he Compan ' o anding ha e op ion ince he adj ed e e ci e p ice of he e op ion e e highe han he a e age ma ke p ice of ha e fo he o anding pe iod d ing i mon h ended 30 J ne 2020 and 2019.

The calc la ion of dil ed (lo)/ea ning pe ha e fo he i mon h ended 30 J ne 2020 and 2019 ha no been aken in o acco n of he po en ial o dina ha e on pe pe al bo dina ed con e ible ec i ie a a med con e ion o ld e l in a dec ea e in lo pe ha e o an inc ea e in ea ning pe ha e.

11. COAL MINING RIGHTS

The balance ep e en he igh o cond c mining ac i i ie in Shan i P o ince. All he mine i e a e loca ed on land in he PRC o hich he G o p ha no fo mal i le of o ne hip, hence none of he ca ing amo n of igh -of- e a e ela e o he e land . The Depa men of Land Re o ce of Shan i P o ince i ed and ene ed e e al mining igh ce ifica e o he G o p. De ail of he G o p' coal mining igh a e a follo :

Coal mining rights	**Expiry date**
Xing ao Coal Mine	14 Oc obe 2020
Feng i Coal Mine	24 Jan a 2034
Chong heng Coal Mine	28 Decembe 2020
Xinglong Coal Mine	29 No embe 2019
Hong an Coal Mine	28 Decembe 2020

The G o p bmi ed he ele an eg la ion doc men o he ele an go e nmen a ho i ie in 2019 fo ene al of coal mining igh ce ifica e of Xinglong Coal Mine and he ene al applica ion i being p oce ed b he ele an go e nmen a ho i ie . In e pec of Xing ao Coal Mine, Chong heng Coal Mine and Hong an Coal Mine, he G o p i in he p og e of p epa a ion and a angemen of ele an eg la ion doc men fo applica ion of ene al of he coal mining igh ce ifica e . The di ec o of he Compan a e of he opinion ha he ene al of all he mining igh ce ifica e b he ele an go e nmen a ho i ie i highl p obable a he G o p bmi he ele an eg la ion doc men , f ll e le he mine al e plo a ion and mining igh e pen e and he ene al of he mining igh ce ifica e can be comple ed a minimal co . In addi ion, i h efe ence o he legal opinion f om an e e nal la e engaged b he G o p, he G o p ill be able o con in o l ene he mining igh and he b ine licen e of he e pec i e mining b idia ie a minimal cha ge .

A a 30 J ne 2020, he G o p' coal mining igh i h ne ca ing amo n of RMB3,926,522,000 (31 Decembe 2019: RMB4,017,884,000) e e pledged fo he G o p' bo o ing (no e 16).

12. TRADE RECEIVABLES

	At 30 June 2020	A 31 Decembe 2019
	RMB'000	*RMB'000*
	(Unaudited)	(A di ed)
T ade ecei able	**253,119**	261,423
Le : allo ance fo c edi lo	**(111,780)**	(132,295)
	141,339	129,128

All of he ade ecei able a e e pec ed o be eco e ed i hin one ea f om he end of epo ing pe iod.

An ageing anal i of ade ecei able (ne of impai men lo allo ance) of he G o p i a follo :

	At 30 June 2020 RMB'000 (Unaudited)	A 31 Decembe 2019 RMB'000 (A di ed)
Wi hin 2 mon h	**59,614**	14,149
O e 2 mon h b i hin 6 mon h	**4,854**	27,891
O e 6 mon h b i hin 1 ea	**17,543**	1,253
O e 1 ea b i hin 2 ea	**10**	1,297
O e 2 ea *(no e)*	**59,318**	84,538
	141,339	129,128

No e: A a 30 J ne 2020, ade ecei able aged o e 2 ea amo n ing o app o ima el RMB59,318,000 (31 Decembe 2019: RMB83,318,000) e e d e f om c ome hich he G o p ha ade and o he pa able balance i h he ame amo n a a he end of he epo ing pe iod. The di ec o of he Compan belie e ha no impai men allo ance i nece a in e pec of he e balance .

The ageing i co n ed f om he da e hen ade ecei able a e ecogni ed.

C edi e m g an ed o c ome mainl ange f om 0 o 60 da (31 Decembe 2019: 0 o 60 da) depending on c ome ' ela ion hip i h he G o p, hei c edi o hine and pa e lemen eco d .

D ing he c en in e im pe iod, he G o p p o ided impai men lo allo ance on ade ecei able amo n ing o RMB1,416,000 (i mon h ended 30 J ne 2019: RMB4,238,000) ba ed on he p o i ion ma i .

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2020 RMB'000 (Unaudited)	A 31 Decembe 2019 RMB'000 (A di ed)
Included in non-current asset		
O he depo i *(no e (i))*	**29,439**	
Included in current assets		
O he depo i and p epa men *(no e (ii))*	**253,184**	313,334
Amo n d e f om non-con olling ha eholde *(no e (iii))*	**322,703**	322,703
O he non- ade ecei able	**54,484**	37,202
	630,371	673,239
Le : allo ance fo c edi lo e *(no e (i))*	**(392,287)**	(380,005)
	238,084	293,234

No e :

(i) A di clo ed in he Compan ' anno ncemen da ed 3 Jan a 2020 and 7 A g 2020, a e ie of ag eemen , incl ding head of ag eemen (**HOA**) da ed 31 Decembe 2019, addend m of HOA da ed 11 Ma ch 2020 and condi ional ale and p cha e ag eemen da ed 6 A g 2020 (collec i el , he **Proposed Acquisition Agreements**) e e en e ed b he G o p fo p opo ed acq i i ion of 70% eq i ha eholding of PT S mbe Da a Ene gi (**SDE**), a compan d l e abli hed nde he la of Rep blic of Indone ia ha i engaged in coal mining and ading in Indone ia, f om o independen hi d pa ie (he **Sellers**) a an agg ega e con ide a ion of IDR385,000,000 (eq i alen o app o ima el RMB190,000). P an o he P opo ed Acq i i ion Ag eemen , fi ef ndable depo i of app o ima el USD4,000,000 (eq i alen o RMB29,439,000) a paid b he G o p d ing he i mon h ended 30 J ne 2020 and econd ef ndable depo i of app o ima el USD1,000,000 (eq i alen o app o ima el RMB6,960,000) a b eq en l paid on 13 A g 2020, and he depo i a e ec ed b app o ima el 75% of eq i in e e in SDE and ill be deemed a pa of he Selle ' en i lemen of 15% he o al aleable coal p od c ion of SDE af e comple ion of he p opo ed acq i i ion. In he e en he p opo ed acq i i ion co ld no be comple ed on o befo e 31 Decembe 2020 fo an ea on , Selle m e n he depo i o G o p i hin 14 da f om he da e of no ifica ion f om he G o p. Up o he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e, he acq i i ion ha no been comple ed.

(ii) P epa men fo p cha e of coal and an po a ion fee amo n ing o RMB111,520,000 (31 Decembe 2019: RMB187,840,000) and RMB20,706,000 (31 Decembe 2019: RMB13,359,000) e pec i el a incl ded in o he depo i and p epa men . The emaining amo n of RMB56,830,000 (31 Decembe 2019: RMB59,408,000) a e mainl p epa men fo he pplie e ice o ppo he G o p' o dina b ine .

(iii) Amo n d e f om non-con olling ha eholde a e n ec ed, in e e f ee and ha e no fi ed e m of epa men . A a 30 J ne 2020, he ca ing amo n of RMB322,703,000 (31 Decembe 2019: RMB322,703,000) e e f ll impai ed in p io ea .

(i) Allo ance fo c edi lo e of p epa men and o he ecei able a e a follo :

	At 30 June 2020 *RMB'000* **(Unaudited)**	A 31 Decembe 2019 *RMB'000* (A di ed)
O he depo i and p epa men	**49,853**	36,896
Amo n d e f om non-con olling ha eholde	**322,703**	322,703
O he non- ade ecei able	**19,731**	20,406
	392,287	380,005

14. TRADE PAYABLES

An ageing anal i of ade pa able of he G o p i a follo :

	At 30 June 2020 *RMB'000* (Unaudited)	A 31 Decembe 2019 *RMB'000* (A di ed)
Wi hin 1 ea	**281,290**	149,380
O e 1 ea b i hin 2 ea	**1,107**	15,084
O e 2 ea	**143,366**	169,483
	425,763	333,947

15. OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 June 2020 *RMB'000* (Unaudited)	A 31 Decembe 2019 *RMB'000* (A di ed)
Current		
Acc ed e pen e	**477,731**	441,379
Con ac liabili ie	**37,804**	44,850
Amo n d e o l ima e con olling ha eholde	**161**	161
Amo n d e o l ima e holding compan	**8,913**	988
Amo n d e o an a ocia e	**180,963**	624,480
Amo n d e o di ec o of he Compan	**1,647**	1,457
Amo n d e o a ela ed pa	**141**	141
Amo n d e o a ela ed compan	**100**	100
O he pa able *(no e)*	**1,466,615**	1,463,140
	2,174,075	2,576,696
Non-current		
O he pa able *(no e)*	**–**	20,550
	2,174,075	2,597,246

No e: Con c ion pa able of app o ima el RMB850,010,000 (31 Decembe 2019: RMB867,977,000) and pa able ela ing o mine al e plo a ion and mining igh of app o ima el RMB330,085,000 (31 Decembe 2019: RMB346,755,000) e pec i el a e incl ded in o he pa able .

The amo n d e o l ima e holding compan of he Compan , l ima e con olling ha eholde of he Compan , an a ocia e, di ec o of he Compan and a ela ed pa a e n ec ed, in e e -f ee and ha e no fi ed e m of epa men .

16. BORROWINGS

	At 30 June 2020 *RMB'000* (Unaudited)	A 31 Decembe 2019 *RMB'000* (A di ed)
Bank loan		
Sec ed *(no e (i))*	**295,738**	296,033
Un ec ed *(no e (ii))*	**917,141**	932,640
	1,212,879	1,228,673
O he bo o ing *(no e (iii))*	**3,343,119**	3,107,451
	4,555,998	4,336,124

No e :

(i) Sec ed bank loan bea in e e a a e anging f om 4.75% o 6.72% (31 Decembe 2019: 4.75% o 6.72%) pe ann m a a 30 J ne 2020.

(ii) Un ec ed bank loan bea in e e a a e anging f om 5.70% o 8.80% (31 Decembe 2019: 4.75% o 8.00%) pe ann m a a 30 J ne 2020.

(iii) O he bo o ing bea in e e a a e anging f om 4.86% o 7.28% (31 Decembe 2019: 4.86% o 7.28%) pe ann m a a 30 J ne 2020. A a 30 J ne 2020, o he bo o ing of app o ima el RMB3,292,249,000 (31 Decembe 2019: RMB3,056,581,000) a e ec ed and he emaining amo n of app o ima el RMB50,870,000 (31 Decembe 2019: RMB50,870,000) a e n ec ed.

A a 30 J ne 2020, bo o ing of he G o p e e epa able a follo :

	At 30 June 2020 *RMB'000* (Unaudited)	A 31 Decembe 2019 *RMB'000* (A di ed)
Wi hin 1 ea o on demand	**2,210,835**	2,163,276
O e 1 ea b i hin 2 ea	**2,345,163**	560,332
O e 2 ea b i hin 5 ea	**–**	1,612,516
	2,345,163	2,172,848
	4,555,998	4,336,124

D e o b each of loan co enan in 2019, ce ain bank and o he bo o ing i h he agg ega e ca ing amo n of app o ima el RMB2,210,835,000 (31 Decembe 2019: RMB2,163,276,000), in hich he agg ega e amo n of RMB824,067,000 (31 Decembe 2019: RMB1,005,361,000) a pa d e, and agg ega e amo n of RMB1,386,768,000 (31 Decembe 2019: RMB1,091,475,000) and nil (31 Decembe 2019: RMB66,440,000) e e epa able i hin one ea and af e one ea e pec i el f om he end of epo ing da e ba ed on he ag eed ched led epa men e o in he e pec i e loan ag eemen , had become d e fo immedia e epa men a he e bank loan con ain c o defa l cla e a e cla ified a c en liabili ie .

Bo o ing d e fo epa men , ba ed on he ched led epa men e m e o in he loan ag eemen and i ho aking in o acco n he effec of an epa men on c o defa l cla e a e a follo :

	At 30 June 2020	A 31 Decembe 2019
	RMB'000	*RMB'000*
	(Unaudited)	(A di ed)
Wi hin 1 ea o on demand	**2,210,835**	2,096,836
O e 1 ea b i hin 2 ea	**2,345,163**	626,772
O e 2 ea b i hin 5 ea	**–**	1,612,516
	4,555,998	4,336,124

The in e e pa able of bo o ing no e pa d e and bo o ing ha ha e become pa d e amo n ing o app o ima el RMB11,163,000 (31 Decembe 2019: RMB16,127,000) and RMB304,289,000 (31 Decembe 2019: RMB264,318,000) e pec i el e e incl ded in he o he pa able .

A a 30 J ne 2020, ec ed bank loan( ), an n ec ed bank loan, ec ed o he bo o ing and an n ec ed o he bo o ing of app o ima el RMB222,239,000 (31 Decembe 2019: RMB148,534,000), nil (31 Decembe 2019: RMB254,999,000), RMB550,958,000 (31 Decembe 2019: RMB550,958,000) and RMB50,870,000 (31 Decembe 2019: RMB50,870,000) e pec i el , ha ha e been pa d e and d e fo immedia e pa men . The e bo o ing ca ied in e e a a e anging f om 4.75% o 7.28% (31 Decembe 2019: 4.86% o 7.28%) pe ann m and al o ca ied addi ional penal in e e a a e anging f om 2.38% o 3.64% (31 Decembe 2019: 2.43% o 3.64%) pe ann m af e pa d e.

The abo e-men ioned ec ed bank loan( ) and ec ed o he bo o ing a e ec ed b coal mining igh and p ope , plan and eq ipmen i h a ca ing amo n of app o ima el RMB528,104,000 and RMB131,960,000 a a 30 J ne 2020 e pec i el (31 Decembe 2019: coal mining igh and p ope , plan and eq ipmen i h RMB528,104,000 and RMB119,563,000 e pec i el), and he ec ed o he bo o ing a e al o ec ed b o he ecei able of a ela ed compan , he G o p' eq i in e e in S pe G ace and g a an eed b he Compan , ce ain b idia ie of he Compan , ela ed pa ie and M . X Jih a (**Mr. Xu**), he con olling ha eholde .

D ing he ea ended 31 Decembe 2018, he G o p en e ed in o a legall binding e lemen ag eemen (he **Settlement Agreement**) i h an a e managemen compan in he PRC, o ed ce he amo n of o anding bank loan a igned b o bank and he ele an in e e and penal in e e amo n ing o app o ima el RMB4,027,188,000 and RMB582,028,000 in o al e pec i el . The managemen of he G o p con ide ha he e m of he Se lemen Ag eemen a e b an iall diffe en a he di co n ed p e en al e of he ca h flo nde he ne e m di co n ed ing he o iginal effec i e in e e a e i diffe en f om he di co n ed p e en al e of he emaining ca h flo of he o iginal financial liabili b mo e han 10 pe cen . Acco dingl , ch modifica ion of e m a acco n ed fo a an e ing i hmen of he o iginal financial liabili and he ecogni ion of a ne financial liabili . The efo e, he G o p de ecogni ed he o iginal bo o ing o anding and ecogni ed ne bo o ing mea ed a fai al e a a he da e of e ing i hmen . The diffe ence be een he ca ing amo n of he bo o ing de ecogni ed and he fai al e of he ne bo o ing ecogni ed amo n ing o app o ima el RMB1,904,853,000 i ecogni ed in p ofi o lo fo he ea ended 31 Decembe 2018.

In Ma ch 2020, in e pec of he abo e-men ioned bo o ing , he G o p f he en e ed in o a legall binding pplemen al ag eemen (**Supplemental Settlement Agreement**) i h he a e managemen compan o e i e and e end he epa men ched le fo ea of 2020 and 2021. The epa men ched le fo ea of 2022 emained nchanged. The managemen of he G o p con ide ha he e m of he S pplemen al Se lemen Ag eemen a e no b an iall diffe en f om he Se lemen Ag eemen a he di co n ed p e en al e of he ca h flo nde he e i ed e m di co n ed ing he o iginal effec i e in e e a e i diffe en f om he di co n ed p e en al e of he emaining ca h flo of he o iginal financial liabili b le han 10 pe cen . Acco dingl , ch modifica ion of e m a acco n ed fo a non- b an ial modifica ion, and he adj men of app o ima el RMB10,700,000 o he ca ing amo n of he financial liabili a ecogni ed a o he lo e a e o in no e 6 a he da e of modifica ion. On he ame da , Tongmei Qinfa, an a ocia e of he G o p, and he G o p m all ag eed o an fe he bo o ing of Tongmei Qinfa, hich a g a an eed b he G o p, i h ca ing amo n of RMB273,709,000 f om he a e managemen compan a a ha da e o he G o p o off e he G o p' amo n d e o Tongmei Qinfa b he ame amo n . A a 30 J ne 2020, he ca ing amo n of he G o p' bo o ing f om he a e managemen a app o ima el RMB2,741,291,000 (31 Decembe 2019: RMB2,505,623,000).

The Se lemen Ag eemen , oge he i h S pplemen al Se lemen Ag eemen , con ained a defa l cla e hich he G o p ill be eq i ed o epa he o anding balance of he o iginal bo o ing and in e e pa able of app o ima el RMB4,027,188,000 and RMB582,028,000 e pec i el if he G o p fail o epa he bo o ing b in almen in acco dance i h he e pec i e e i ed epa men ched le a ip la ed in he S pplemen al Se lemen Ag eemen . The di ec o of he Compan a e of he opinion ha he e i no occ ence of e en of defa l nde he Se lemen Ag eemen and S pplemen al Se lemen Ag eemen a he end of he epo ing pe iod.

Of he G o p' bo o ing , agg ega e p incipal amo n of RMB691,848,000 (2018: RMB691,848,000) a a 30 J ne 2020 had been defa l ed nde e pec i e ag eemen and filed la i b bank again he G o p o demand immedia e epa men . P an o he final co j dgemen in p io ea , he G o p a o de ed o make immedia e epa men of he afo e aid balance . In e pec of he afo e aid balance i h la i , ce ain bank a igned hei bank loan and in e e (incl ding penal in e e) d e f om he G o p i h agg ega e amo n of RMB543,314,000 and RMB112,023,000 e pec i el , hich had been pa d e, o ce ain a e managemen companie in he PRC d ing he ea ended 31 Decembe 2018. In addi ion, bank loan of RMB73,705,000 d e in J ne 2020 and RMB73,500,000 d e in J l 2020 (i ho an la i) e e b eq en l an fe ed o an a e managemen compan in he PRC in A g 2020. Al o, in 2017 a bank a igned i bank loan and in e e (incl ding penal in e e) of RMB148,952,000 and RMB6,925,000 e pec i el , hich had been pa d e b i ho an la i , o an a e managemen compan in he PRC. A 30 J ne 2020, he e m of he abo e a igned loan emained nchanged. The G o p i ill in he p oce of nego ia ing i h he bank and a e managemen companie o ene he e m (incl ding he epa men ched le) of he o anding loan and loan a igned.

The G o p’ o al bo o ing a e ec ed b he follo ing a e of he G o p:

	At 30 June 2020 *RMB’000* (Unaudited)	A 31 Decembe 2019 *RMB’000* (A di ed)
P ope , plan and eq ipmen	**945,577**	977,170
Coal mining igh	**3,926,522**	4,017,884
In en o ie	**9,930**	11,274
	4,882,029	5,006,328

A a 30 J ne 2020 and 31 Decembe 2019, he G o p’ o al bo o ing a e al o ec ed b o he ecei able of a ela ed compan of hich M . X i he ha eholde , a p ope held b M . X , Fo ne Pea l In e na ional Limi ed’ (**Fortune Pearl** , he l ima e holding compan of he Compan) eq i in e e in he Compan and he G o p’ eq i in e e in H ameiao Ene g , Xing ao Coal, Feng i Coal, Chong heng Coal, Xinglong Coal, Hong an Coal, Sh o ho G angfa, S pe G ace and O ien al Wi e. A a 30 J ne 2020, o al bo o ing of app o ima el RMB4,555,998,000 (31 Decembe 2019: RMB4,336,124,000) e e g a an eed b he Compan , ce ain b idia ie of he Compan , ela ed pa ie and/o M . X .

17. DIVIDENDS

No di idend e e paid, decla ed o p opo ed d ing he c en and p io pe iod . The di ec o of he Compan ha e de e mined ha no di idend ill be paid in e pec of he c en in e im pe iod.

18. CAPITAL COMMITMENTS

A each epo ing da e, capi al commi men o anding no p o ided fo in he conden ed con olida ed financial a emen a e a follo :

	At 30 June 2020 *RMB’000* (Unaudited)	A 31 Decembe 2019 *RMB’000* (A di ed)
P ope , plan and eq ipmen	**2,915**	9,653

19. CONTINGENT LIABILITIES

(a) Outstanding litigation

(i) Litigation claims relating to repayment to non-controlling shareholders

D ing he ea ended 31 Decembe 2018, he e e e li iga ion claim ini ia ed b he non-con olling ha eholde of Xing ao Coal mine, Feng i Coal mine and Chong heng Coal mine again he G o p o demand immedia e epa men of f nd p o ided o he G o p in 2011 i h an agg ega e amo n of app o ima el RMB134,414,000 befo e he acq i i ion of he e coal mine b he G o p. The amo n of app o ima el RMB134,414,000 had al ead been ecogni ed and off e i h he amo n d e f om e pec i e non-con olling ha eholde in he con olida ed a emen of financial po i ion a a 31 Decembe 2018. The di ec o of he Compan a e in he opinion ha he G o p ha a alid g o nd o defend fo he cha ge. Up o he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e, he e li iga ion claim a e ill in p og e .

A a 30 J ne 2020, he di ec o of he Compan a e of he opinion ha he p o i ion fo he abo e li iga ion i fficien in he conden ed con olida ed a emen of financial po i ion a a 30 J ne 2020.

(ii) Litigation claims relating to the performance of the contract execution between Yu Lin Zhong Kuang Wan Tong Construction Limited Company (Yu Lin Zhong Kuang) and Hongyuan Coal

On 16 Decembe 2019, Y Lin Zhong K ang ini ia ed a li iga ion claim again he G o p o demand fo economic lo e in ela ion o he pen ion of con c ion p ojec of coal mining inf a c e, of hich amo n a e ela ed o compen a ion o he aff co and eq ipmen co inc ed d ing he implemen a ion of he p ojec . The claim amo n i app o ima el RMB19,899,000. The di ec o of he Compan a e in he opinion ha he G o p ha a alid g o nd o defend fo he cha ge, and no p o i ion fo he li iga ion claim ha been p o ided in he conden ed con olida ed a emen of financial po i ion a a 30 J ne 2020. Up o he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e, he e li iga ion claim a e ill in p og e .

(iii) Litigation claims relating to the performance of the purchase contract execution between Shanxi Yunxin International Trade Co., Ltd ("Shanxi Yunxin") and Fengxi Coal

D ing he ea ended 31 Decembe 2019, he e a a li iga ion claim ini ia ed b Shan i Y n in again he G o p o demand immedia e epa men of o e d e pa able in ela ion o p cha e of con mable and eq ipmen b he G o p. The o e all claim amo n a app o ima el RMB63,161,000, hich incl ded he afo e aid pa able o hi pplie of app o ima el RMB54,124,000 and la e penal in e e of app o ima el RMB9,037,000. Up o he da e hen he conden ed con olida ed financial a emen a e a ho i ed fo i e, he li iga ion claim i ill in p og e . The di ec o of he Compan a e of he opinion ha he p o i ion fo he abo e li iga ion i fficien in he conden ed con olida ed a emen of financial po i ion a a 30 J ne 2020.

O he han he di clo e of abo e, a a 30 J ne 2020, he G o p a no in ol ed in an o he ma e ial li iga ion o a bi a ion. A fa a he G o p a a a e, he G o p had no o he ma e ial li iga ion o claim hich a pending o h ea ened again he G o p. A a 30 J ne 2020, he G o p a he defendan of ce ain non-ma e ial li iga ion , and al o a pa o ce ain li iga ion a i ing f om he o dina co e of b ine . The likel o come of he e con ingen liabili ie , li iga ion o o he legal p oceeding canno be a ce ained a p e en , b he di ec o of he Compan belie e ha an po ible legal liabili hich ma be inc ed f om he afo e aid ca e ill no ha e an ma e ial impac on he financial po i ion of he G o p.

(b) Financial guarantees issued

A a he end of each epo ing pe iod, he G o p ha i ed he g a an ee o ce ain bank and ano he bo o ing c edi o in e pec of bo o ing made b Tongmei Qinfa, an a ocia e of he G o p. Unde he g a an ee, he G o p ha i a pa o he g a an ee a e join l and e e all liable fo an of he bo o ing of Tongmei Qinfa f om ho e bank and ano he bo o ing c edi o .

The ma im m liabili of he G o p a 30 J ne 2020 nde he g a an ee i ed i a po ion of he o anding amo n of he bo o ing of Tongmei Qinfa amo n ing o app o ima el RMB321,994,000 (31 Decembe 2019: RMB619,090,000).

(c) Borrowing default clause

The Se lemen Ag eemen en e ed in o be een he G o p and an a e managemen compan con ained a defa l cla e hich he G o p ill be eq i ed o epa he o anding balance of he o iginal bo o ing and in e e pa able if he G o p fail o epa he ne bo o ing b in almen in acco dance i h he e pec i e epa men ched le. Pa ic la of he e lemen ag eemen a e di clo ed in no e 16.

20. EVENTS AFTER THE REPORTING PERIOD

PT Qinfa Mining Ind i, a holl -o ned b idia of he Compan , en e ed in o he condi ional ale and p cha e ag eemen in ela ion o p opo ed acq i i ion of 70% ha eholding of SDE a an agg ega e con ide a ion of Indone ian R piah 385 million (eq i alen o app o ima el RMB190,000). De ail a e e o in no e 13(i) and he Compan ' anno ncemen da ed 7 A g 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The G o p i a leading non- a e o ned he mal coal pplie in China, and i ope a e an in eg a ed coal ppl chain, incl ding coal mining, p cha e and ale , fil e ing, o age, blending of coal in he PRC and hipping an po a ion b ine . D ing he i mon h ended 30 J ne 2020, he G o p con in ed o foc on he e b ine ac i i ie and e panded i in eg a ed coal ppl chain h o gh p a d e ical in eg a ion. The follo ing e fo h de ailed anal i of he p incipal componen of he ope a ing e l of he G o p:

Revenue from coal business and coal handling and trading volume

	Six months ended 30 June	
	2020	2019
Re en e f om coal b ine *(RMB'000)*	**821,962**	1,288,964
Coal handling and ading ol me *('000 onne)*	**2,672**	3,387

D ing he i mon h ended 30 J ne 2020, he ol me of he G o p' coal handling and ading dec ea ed a compa ed o he co e ponding pe iod in 2019. The coal elling p ice d ing he i mon h ended 30 J ne 2020 e e in ange be een RMB180 pe onne and RMB433 pe onne, a compa ed o he elling p ice be een RMB127 pe onne and RMB486 pe onne d ing he ame pe iod in 2019. A e age coal elling p ice dec ea ed mainl d e o ignifican d op on ma ke p ice d ing Ap il and Ma 2020. The dec ea e in coal handling and ading ol me a p incipall beca e he G o p implemen ed p eca iona mea e on he co ona i di ea e 2019 (**COVID-19**) o b eak incl ding empo a pen ion on he p od c ion in Feb a 2020.

The a e age coal elling p ice and he a e age mon hl coal handling and ading ol me fo each of he h ee ea ended 31 Decembe 2019 and he i mon h ended 30 J ne 2020 and 2019 a e e fo h in he able belo :

	Six months ended 30 June		Year ended 31 December		
	2020	2019	2019	2018	2017
A e age coal elling p ice *(RMB pe onne)*	**308**	381	358	343	405
A e age mon hl coal handling and ading ol me *('000 onne)*	**445**	565	634	847	589

Revenue from shipping transportation

The e en e fo he hipping an po a ion egmen fo he i mon h ended 30 J ne 2020 a RMB23.7 million, ep e en ing a dec ea e of RMB16.0 million o 40.3% f om RMB39.7 million fo he co e ponding pe iod in 2019. The dec ea e in e en e a p ima il d e o di po al of e el in 2019 and dec ea e in f eigh a e .

Gross profit and gross profit margin

The G o p' g o p ofi a RMB82.5 million d ing he i mon h ended 30 J ne 2020 a compa ed i h g o p ofi of RMB190.8 million d ing he ame pe iod in 2019. Unde he ci c m ance of dec ea ed a e age elling p ice of he mal coal, g o p ofi ma gin fo he i mon h ended 30 J ne 2020 a 9.76% a compa ed i h g o p ofi ma gin of 14.36% fo he co e ponding pe iod in 2019. The G o p eco ded a lo a ib able o eq i ha eholde of he Compan fo he i mon h ended 30 J ne 2020 a compa ed o he p ofi a ib able o eq i ha eholde of he Compan fo he co e ponding pe iod in 2019 mainl a ib able o he dec ea e of a e age coal elling p ice and inc ea e in he fi ed ni co d e o dec ea e in he p od c ion ol me of coal mine of he G o p.

Net finance costs

Ne finance co of he G o p d ing he i mon h ended 30 J ne 2020 amo n ed o RMB170.2 million, ep e en ing an inc ea e of RMB35.1 million o 26.0% f om RMB135.1 million d ing he co e ponding pe iod in 2019. The ne finance co inc ea ed beca e no bo o ing co ha been capi ali ed d ing he pe iod.

Profit attributable to the equity shareholders of the Company

Lo a ib able o he eq i ha eholde of he Compan fo he i mon h ended 30 J ne 2020 a RMB54.8 million, a compa ed i h p ofi a ib able o he eq i ha eholde of he Compan of RMB45.5 million fo he co e ponding pe iod in 2019. The dec ea e in p ofi a ib able o eq i ha eholde of he Compan a mainl a ib able o he dec ea e of a e age coal elling p ice and inc ea e in he fi ed ni co d e o dec ea e in he p od c ion ol me of coal mine of he G o p.

BUSINESS REVIEW

O e all, in he fi half of 2020, he coal ind a affec ed b he COVID-19 o b eak, and a io ind ie con in ed o h do n af e he Chine e Ne Yea holida , e l ing in lo coal con mp ion. The e mp ion of coal p od c ion of he G o p a fa e han e pec ed. Fo he i mon h ended 30 J ne 2020, he p od c ion ol me of a coal and comme cial coal e e 3.86 million onne and 2.50 million onne e pec i el , ep e en ing a dec ea e of 12% a compa ed i h he co e ponding pe iod in 2019, mainl d e o he dec ea e in p od c ion ol me a a e l of he pen ion of coal mining b ine in Feb a . In e pon e o he COVID-19 o b eak, he G o p ac i el follo ed na ional policie and ic l implemen ed a e ie of p e en ion and con ol mea e , incl ding manda o 14-da q a an ine fo all emplo ee e ning o coal mine f om o he p o ince , and empo a pen ion of coal mine p od c ion o en e he life afe of coal mine emplo ee . In Ma ch, he p od c ion and ale of coal mine e med no mal and emained able.

Coal consumption gradually recovered

F om he beginning of he ea o Ma , coal p ice con in ed o be lo , and dome ic he mal coal p ice gene all declined. In he fi half of he ea , he a e age p ice of CCI4500 he mal coal a RMB428 pe onne, ep e en ing a dec ea e f om he ann al a e age of RMB457 pe onne in 2019. Acco ding o he info ma ion on . coal.com, he mal coal p ice ho ed o age of decline follo ed b i e. The p ice of CCI4500 he mal coal dec ea ed o RMB358 pe onne a one ime. A he epidemic g ad all came nde con ol in China, he ma ke eco e ed and he ma ke demand fo coal con mp ion inc ea ed. The p ice of he mal coal e ned o a high le el of RMB478 pe onne, and emained ead a o nd RMB460 pe onne.

Investment in Indonesia Projects

The Indone ian p ojec a e one of he mo impo an in e men of he G o p in he coming ea . Acco ding o he coal mine acq i i ion anno nced b he G o p on 3 Jan a and 6 A g hi ea (he **Proposed Acquisition**), PT Qinfa Mining Ind i, a holl -o ned b idia of he G o p, en e ed head of ag eemen (**HOA**) da ed 31 Decembe 2019, addend m of HOA da ed 11 Ma ch 2020 and condi ional ale and p cha e ag eemen da ed 6 A g 2020 fo he acq i i ion of 70% eq i in e e in one of he mining companie . The G o p i c en l in he p oce of ob aining app o al f om ele an go e nmen a ho i ie of he Rep blic of Indone ia. The G o p paid fi ef ndable depo i of app o ima el USD4,000,000 o elle d ing he i mon h ended 30 J ne 2020. The G o p aim o comple e he acq i i ion p oce in f ll compliance i h eg la ion i h minimal i k and peed p he con c ion and commencemen of p od c ion of he coal mine. The agg ega e con ide a ion of he P opo ed Acq i i ion i

IDR385,000,000 (app o ima el RMB190,000). The a ge of he P opo ed Acq i i ion, PT S mbe Da a Ene gi (**SDE**), i he holde of mining b ine licen e in e pec of coal mine loca ed in S ngai D ian, Ko aba , So h Kaliman an, Indone ia i h a ea of app o ima el 184.92 q a e kilome e . The coal mine i al o o nded b a ea ha i p o ed o be ich in coal e o ce o ned b a li ed en i in Indone ia. Al ho gh ce ain d illing ha e been cond c ed on he coal mine b SDE, he e l i no e e ified b independen hi d pa . The G o p ha pe fo med ce ain e ifica ion on e i ing e plo a ion e l . The Di ec o con ide ha acq i i ion of he ha eholding of SDE befo e inc ing f he co of e plo a ion of he coal mine ill afeg a d he benefi of he G o p.

The P opo ed Acq i i ion gi e he G o p oppo ni o ob ain mining b ine licen e i h ela i el lo co d e o emo e loca ion and nde eloped a of he ele an coal mine. Coal mine of SDE ha he po en ial o be de eloped in o an ad anced nde g o nd coal mine i h la ge cale p od c ion o p . The G o p ha been ac i el eeking po ible in e men oppo ni ie in Indone ia ince 2019. The P opo ed Acq i i ion ill enable he Compan o e po ma e e plo a ion echnolog and o e pand he o e ea ma ke . Sho ld he P opo ed Acq i i ion p o ed o be cce f l, he mining e pe i e of he Compan and he na al e o ce of Indone ia hall c ea e a ne g ha ain f e g o h of he G o p.

Inventory clearance and utilisation to optimise inventory resource allocation

D ing he ea , he pecial ec ifica ion ac ion of in en o clea ance and ili a ion con in ed. A he beginning of he ea , he G o p op imi ed he a eho e managemen em and cce i el cond c ed comp ehen i e co ning and em pda e . Mo eo e , he G o p cce f ll imp o ed i in e nal con ol and achie ed he goal of enhancing ma e ial no e efficienc and o e all benefi . In he fi half of he ea , he ma e ial con mp ion q o a, p oc emen q o a and p od c ion co e e all con olled i hin he b dge .

A of 30 J ne 2020, he G o p o ned and ope a ed fi e coal mine in China. The able e fo h ce ain info ma ion abo he e coal mine .

	Location	Ownership	Site area *(q. km)*	Production capacity *(million onne)*	Operation status
H ameiao Ene g Xing ao Coal	Sh o ho Shan i	80%	4.3	1.5	Unde ope a ion
H ameiao Ene g Feng i Coal	Sh o ho Shan i	80%	2.4	0.9	Unde ope a ion
H ameiao Ene g Chong heng Coal	Sh o ho Shan i	80%	2.9	0.9	Unde ope a ion
Shenda Ene g Xinglong Coal	Xin ho Shan i	100%	4.0	0.9	Unde de elopmen (Tempo a il pended)
Shenda Ene g Hong an Coal	Xin ho Shan i	100%	4.1	0.9	Unde ope a ion

The G o p engaged an independen mine al ind con l an o e ima e he o al coal e e e and e o ce a a 30 J ne 2016 in acco dance i h he JORC Code.

COAL CHARACTERISTICS

Cha ac e i ic of he comme cial coal p od ced b he G o p' ope a ing mine a e a follo :

Coal Quality Characteristic	Huameiao Energy – Xingtao Coal	Huameiao Energy – Fengxi Coal	Huameiao Energy – Chongsheng Coal
Seam	4	9	9
Moi e *(%)*	9.13 12.11%	2.07 2.90%	8.70 11.84%
A h *(%)*	21.07 29.94%	18.36 30.42%	21.25 23.85%
S lf *(%)*	0.76 1.81%	0.31 0.84%	1.78 2.40%
Vola ile Ma e *(%)*	21.96 27.49%	19.90 29.49%	27.54 28.88%
Ene g Con en *(MJ/kg)*	17.30 18.13%	17.08 22.03%	20.36 22.25%

OPERATING DATA

Reserves and Resources

	Huameiao Energy – Xingtao Coal	Huameiao Energy – Fengxi Coal	Huameiao Energy – Chongsheng Coal	Shenda Energy – Xinglong Coal	Shenda Energy – Hongyuan Coal	Total
Reserves						
Re e e a a 1 Jan a 2020 *(M)*						
P o en e e e	56.34	11.23	24.08	22.49	30.16	144.30
P obable e e e	9.28	24.95	18.09	9.53	1.13	62.98
To al e e e a a 1 Jan a 2020 *(M)*	65.62	36.18	42.17	32.02	31.29	207.28
Le : To al a coal p od c ion fo he pe iod f om 1 Jan a 2020 o 30 J ne 2020 *(M)*	(1.52)	(1.33)	(1.02)	n.a.	n.a.	(3.87)
Reserves as at 30 June 2020 *(Mt)*	**64.10**	**34.85**	**41.15**	**32.02**	**31.29**	**203.41**
Resources						
Re o ce a a 1 Jan a 2020 *(M)*	102.00	60.31	65.87	45.96	41.74	315.88
Le : To al a coal p od c ion fo he pe iod f om 1 Jan a 2020 o 30 J ne 2020 *(M)*	(1.52)	(1.33)	(1.02)	n.a.	n.a.	(3.87)
Resources as at 30 June 2020 *(Mt)*	**100.48**	**58.98**	**64.85**	**45.96**	**41.74**	**312.01**

The follo ing able e fo h he half- ea p od c ion fig e a he abo emen ioned mine fo he pe iod indica ed:

Raw coal production volume	Six months ended 30 June **2020** ***('000 tonnes)***	 2019 *('000 onne)*
H ameiao Ene g Xing ao Coal	**1,516**	1,782
H ameiao Ene g Feng i Coal	**1,325**	1,478
H ameiao Ene g Chong heng Coal	**1,015**	1,117
To al	**3,856**	4,377

Commercial coal production volume	Six months ended 30 June **2020** ***('000 tonnes)***	 2019 *('000 onne)*
H ameiao Ene g Xing ao Coal	**985**	1,159
H ameiao Ene g Feng i Coal	**862**	961
H ameiao Ene g Chong heng Coal	**660**	726
To al	**2,507**	2,846

+: Pe he compe en pe on' epo i ed on 25 J l 2016, he ol me of comme cial coal p od ced b H ameiao Ene g i calc la ed b a ield a e of 65% of a coal.

Exploration, Mining and Development Expenses

The G o p' e plo a ion, mining and de elopmen e pen e con i of he follo ing amo n :

	Six months ended 30 June **2020** ***RMB'000***	 2019 *RMB'000*
Ma e ial and con mable	**42,197**	99,171
S aff co	**121,880**	76,915
O he di ec co	**26,631**	24,332
O e head and o he	**279,929**	314,645
E al a ion fee	**170**	287
To al	**470,807**	515,350

Liquidity, Financial Resources and Capital Structure

The G o p adop ingen financial managemen policie and i e o main ain a heal h financial condi ion. The G o p f nd i b ine ope a ion and gene al o king capi al b in e nall gene a ed financial e o ce and bank and o he bo o ing . A a 30 J ne 2020, he G o p eco ded ne c en liabili ie of RMB4,491.8 million.

The G o p ha aken ini ia i e o enhance he financial fle ibili b di e if ing he f nding ba e and ob ain medi m e m loan o eplace ho e m loan . The G o p i c en l nego ia ing i h financial in i ion o ene and e end bank bo o ing and con ide a o imp o e he G o p' o king capi al. A a 30 J ne 2020, ca h and ca h eq i alen of he G o p amo n ed o RMB84.7 million (a a 31 Decembe 2019: RMB159.7 million), ep e en ing a dec ea e of 47.0%.

A a 30 J ne 2020, he o al bank and o he bo o ing of he G o p e e RMB2,210.8 million (2019: RMB2,163.3 million), hich e e cla ified a c en liabili ie . A a e l of he non-pa men of loan p incipal and in e e of RMB824.1 million and RMB304.3 million e pec i el , he agg ega ed bo o ing and acc ed in e e e e nil (2019: RMB66.4 million and RMB0.18 million) hich he lende co ld eq i e he G o p o make immedia e pa men (b no epa able i hin one ea f om he end of epo ing da e ba ed on he ag eed ched led epa men e o in he loan ag eemen). The e bo o ing and in e e pa able e e cla ified a c en liabili ie a he end of epo ing pe iod. The bank and o he bo o ing ca ied in e e a a e anging f om 4.75% o 8.8% (2019: 4.75% o 8%) pe ann m.

A a 30 J ne 2020, he G o p had o al banking facili ie of RMB1,212.9 million (a a 31 Decembe 2019: RMB1,228.7 million), of hich RMB1,212.9 million (a a 31 Decembe 2019: RMB1,228.7 million) e e ili ed.

A a 30 J ne 2020, he G o p' ca h and ca h eq i alen , e cep amo n of RMB0.24 million and RMB8.9 million hich e e held in Hong Kong dolla (**HKD**) and Uni ed S a e dolla (**USD**), e pec i el , e e held in RMB. All he G o p' bank and o he bo o ing e e made in RMB.

The gea ing a io (calc la ed a bank and o he bo o ing ne ed off m of ca h and ca h eq i alen and pledged and e ic ed depo i di ided b o al a e) of he G o p a of 30 J ne 2020 a 49.1% (a a 31 Decembe 2019: 44.5%). The gea ing a io inc ea ed mainl d e o he e i ion on he epa men plan of bo o ing .

Exposure to Fluctuations in Exchange Rates

The G o p’ ca h and ca h eq i alen a e held p edomina el in RMB and USD. Ope a ing o going inc ed b he G o p’ b idia ie in China a e mainl denomina ed in RMB hile o e ea p cha e a e all denomina ed in USD. The G o p’ b idia ie all ecei e e en e in RMB. Hence, he Di ec o do no con ide ha he G o p face ignifican e po e o fo eign e change fl c a ion i k.

Pledge of assets of the Group and Guarantee

A a 30 J ne 2020, he G o p’ a e in an agg ega e amo n of RMB4,882.0 million (a of 31 Decembe 2019: RMB5,006.3 million) in fo m of p ope , plan and eq ipmen , coal mining igh , lea e p epa men in en o ie , ade ecei able and bank depo i e e pledged o bank and a e managemen companie fo c edi facili ie g an ed o he G o p.

CONTINGENT LIABILITIES

The G o p ha al a adhe ed o he highl in eg a ed ope a ion model of p od c ion, an po a ion and ale , and eng hened i in e nal an po a ion capaci h o gh i o n coal an fe a ion o p omo e in eg a ed de elopmen of p eam and do n eam ind ie . En ing he afe of f on line aff and compl ing i h he na ional epidemic p e en ion mea e , he G o p' coal mine ha e e med f ll and apid p od c ion and he p od c ion capaci ha been con in o l elea ed. A he ame ime, he ol me of fo eign ade coal p oc emen ill emain a a ela i el high le el in he econd half of he ea o en e abili of he coal ppl chain. The G o p ill i e o achie e he a ge e fo coal ading ol me and p od c ion ol me hi ea in o de o lock in e en e.

The G o p ill e-e amine he ili a ion a e of p od c ion capaci o ed ce p od c ion capaci of lo efficienc , and f he imp o e p od c ion indica o ch a afe , en i onmen al p o ec ion and echnical anda d h o gh high-q ali an fo ma ion and efined managemen . In he f e, he G o p ill con in e o p omo e he in elligen con c ion of coal mine , f he op imi e he alloca ion of in en o e o ce , e pand high-q ali inc emen al ppl , and b ild China Qinfa in o a g een and efficien coal en e p i e.

In he econd half of he ea , he G o p ill implemen he b ine de elopmen plan fo m la ed. Mean hile, he managemen eam ill keep ab ea of dome ic and o e ea ma ke end and fo m la e mo e app op ia e and fea ible de elopmen plan in a imel manne aking in o con ide a ion fac o incl ding he de elopmen of b ine plan , p ojec p og e and ma ke condi ion . Apa f om he ongoing Indone ia P ojec and he applica ion of go e nmen app o al on he P opo ed Acq i ion, he G o p ill con in e o e e ne in e men oppo ni ie and pa clo e a en ion o e e po ible me ge and acq i ion of q ali a e . I i he G o p' f e de elopmen app oach o ac i el e plo e dome ic and in e na ional in e men .

AUDIT COMMITTEE

An a di commi ee a e abli hed b he Boa d on 12 J ne 2009 i h i en e m of efe ence in compliance i h he Co po a e Go e nance Code a e o in Appendi 14 o he R le Go e ning he Li ing of Sec i ie on The S ock E change of Hong Kong Limi ed (he **Listing Rules**). The p ima d ie of he a di commi ee a e o e ie and pe i e he G o p' financial epo ing p oce and in e nal con ol . The membe of he a di commi ee of he Boa d a e he h ee independen non-e ec i e Di ec o , namel M . LAU Sik Y en, P of. SHA Zhenq an and M . JING Dacheng. M . LAU Sik Y en i he chai pe on of he a di commi ee of he Boa d.

The a di commi ee ha e ie ed he na di ed in e im financial a emen fo he i mon h ended 30 J ne 2020.

CORPORATE GOVERNANCE

The Compan ha complied i h he applicable code p o i ion in he Co po a e Go e nance Code a e o in Appendi 14 o he Li ing R le h o gho he i mon h ended 30 J ne 2020.

EMPLOYEES AND REMUNERATION

A a 30 J ne 2020, he G o p emplo ed 2,117 emplo ee . The G o p ha adop ed a pe fo mance-ba ed e a d em o mo i a e i aff and ch em i e ie ed on a eg la ba i . In addi ion o he ba ic ala ie , ea -end bon e ma be offe ed o aff membe i h o anding pe fo mance.

S b idia ie of he Compan e abli hed in he PRC a e al o bjec o cen al pen ion cheme ope a ed b he local m nicipal go e nmen . In acco dance i h he ele an na ional and local labo and ocial elfa e la and eg la ion , b idia ie of he Compan e abli hed in he PRC a e eq i ed o pa on behalf of hei emplo ee a mon hl ocial in ance p emi m co e ing pen ion in ance, medical in ance, nemplo men in ance and o he ele an in ance. S b idia ie of he Compan inco po a ed in Hong Kong ha e pa icipa ed in manda o p o iden f nd cheme, if applicable, in acco dance i h he applicable Hong Kong la and eg la ion .

Mo eo e , he Compan adop ed a po -IPO ha e op ion cheme o incen i i e and e ain aff membe ho ha e made con ib ion o he cce of he G o p. The Di ec o belie e ha he compen a ion package offe ed b he G o p o i aff a e compe i i e in compa i on i h ma ke anda d and p ac ice .

INTERIM DIVIDEND

The Boa d doe no ecommend he pa men of an in e im di idend fo he i mon h ended 30 J ne 2020 (i mon h ended 30 J ne 2019: Nil).

REVIEW OF THE INTERIM RESULTS

The G o p' in e im e l fo he i mon h ended 30 J ne 2020 ha e no been a di ed b ha e been e ie ed b he a di commi ee of he Boa d, and b Moo e S ephen CPA Limi ed, he independen a di o of he Compan , in acco dance i h Hong Kong S anda d on Re ie Engagemen 2410 Re ie of In e im Financial Info ma ion Pe fo med b he Independen A di o of he En i i ed b he Hong Kong In i e of Ce ified P blic Acco n an .

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

D ing he i mon h ended 30 J ne 2020, nei he he Compan no an of i b idia ie p cha ed, old o edeemed an li ed ec i ie of he Compan .

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

Thi in e im e l anno ncemen i p bli hed on he eb i e of he Compan (.qinfag o p.com) and he S ock E change (.hke .com.hk). The in e im epo fo he i mon h ended 30 J ne 2020 con aining all he info ma ion eq i ed b he Li ing R le ill be di pa ched o he Sha eholde and be a ailable on he abo e eb i e in d e co e.

B O de of he Boa d
China Qinfa Group Limited
Mr. XU Da
Chai man

G ang ho , 31 A g 2020

A a he da e of hi anno ncemen , he Boa d comp i e M . XU Da, M . BAI Tao, M . WANG Jianfei and M . FUNG Wai Shing a he e ec i e Di ec o , and M . LAU Sik Y en, P of. SHA Zhenq an and M . JING Dacheng a he independen non-e ec i e Di ec o .