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(於新加坡註冊成立之有限公司)

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中國心連心化肥有限公司

CHINA XLX CULTURE

We attribute our achievements and breakthroughs to our dedicated team at China XLX. The team is committed to uphold the vision with integrity, discipline and strong commitment.

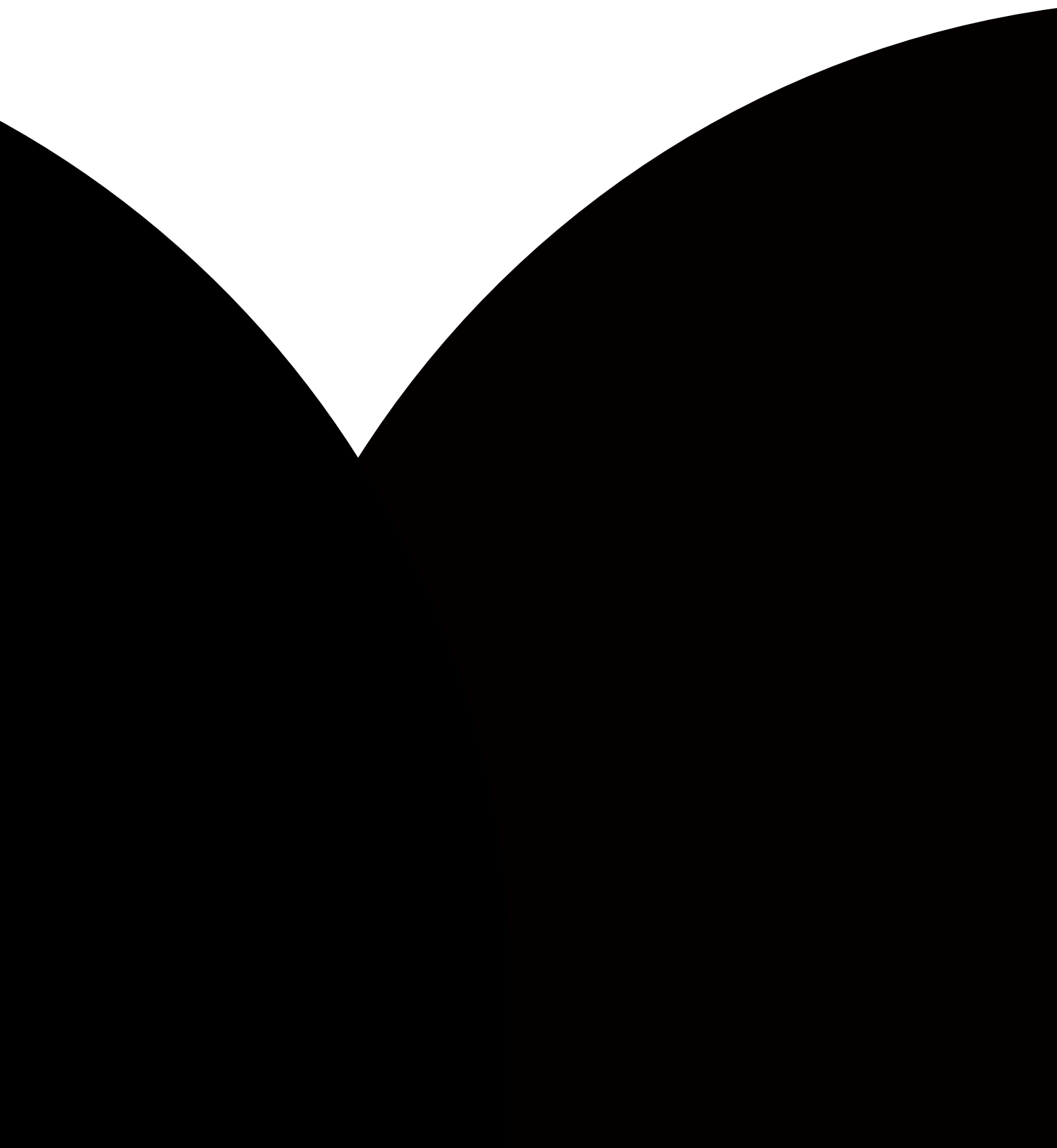
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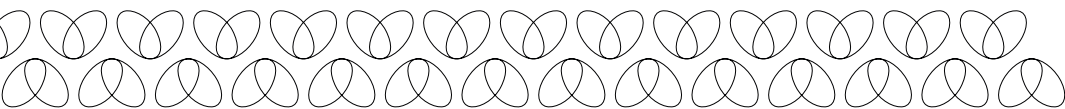
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**EXECUTIVE DIRECTORS**

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LIU Xingxu (Chairman of the Board)  
ZHANG Qingjin  
YAN Yunhua

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**INDEPENDENT NON EXECUTIVE DIRECTORS**

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ONG Kian Guan  
LI Shengxiao  
ONG Wei Jin  
LI Hongxing



**AUDIT COMMITTEE**

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ONG Kian Guan (Chairman)  
LI Shengxiao  
ONG Wei Jin  
LI Hongxing

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**REMUNERATION COMMITTEE**

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ONG Wei Jin (Chairman)  
ONG Kian Guan  
LI Shengxiao  
LI Hongxing

—

**NOMINATION COMMITTEE**

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LI Shengxiao (Chairman)  
LIU Xingxu  
ONG Kian Guan  
ONG Wei Jin  
LI Hongxing

—



MA Tongsheng



WONG Wing Wang Paul



YAN Yunhua  
LEUNG Kwan Wai



LEUNG Kwan Wai  
CHEOK Hui Yee

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore, 048583  
Partner-in-charge: LEE Lai Hiang

Reed Smith Richards Butler (Hong Kong)  
Hiways Law Firm (China)  
Shook Lin & Bok LLP (Singapore)

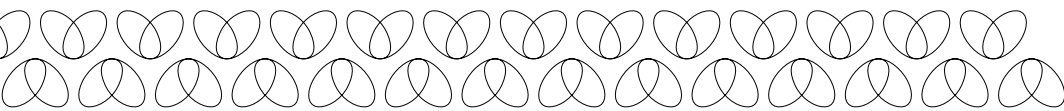
The Export-Import Bank of China  
China Construction Bank  
Bank of China  
Industrial & Commercial Bank of China  
Bank of Communications  
China Minsheng Bank  
China CITIC Bank  
HSBC

80 Robinson Road  
#02-00, Singapore 068898

Xinxiang Economic Development Zone  
HeE005 OS2-BDC 7Tj/SpA



UREASOLUTION FORVEHICLE



### MELAMINE

Revenue derived from the sales of melamine decreased by approximately RMB51 million or 14% from RMB368 million for 1H2019 to approximately RMB317 million for 1H2020. The decrease was due mainly to a decrease in the average selling price of melamine by 15% YoY which was largely the result of the weakened demand in domestic chemical products and the negative impact from the outbreak of COVID-19.

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		51,000,000	14
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		COVID-19	
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### FURFURYL ALCOHOL

Revenue derived from the sales of furfuryl alcohol products increased by approximately RMB26 million or 13% from approximately RMB201 million for 1H2019 to approximately RMB227 million for 1H2020. The increase in sales revenue was due mainly to the increase of sales volume of approximately 23% YoY to 26,626 tons for 1H2020, which was partially offset by a drop in average selling price of furfuryl alcohol products by approximately 8% YoY.

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227,000,000	w		
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### GROSS PROFIT MARGIN

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#### UREA

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Gross profit margin of urea of the Group decreased to approximately 26.8% for 1H2020 from approximately 32.1% for 1H2019.

32.1	
26.8	w

#### UREA SOLUTION FOR VEHICLE

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Gross profit margin of sales of urea solution for vehicle increased by approximately 19 percentage points from approximately 18.4% for 1H2019 to 37.7% for 1H2020.

		18.4%	19
37.7%	w		

#### COMPOUND FERTILISERS

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Gross profit margin of compound fertilisers of the Group increased to approximately 17.4% in 1H2020 from approximately 14.9% in 1H2019. The increase was mainly due to the decrease in average cost of raw material, such as phosphate and potash fertilizers, by approximately 9% and the increase in the sales of high-efficient fertilisers.

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		17.4	u
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## METHANOL

Gross profit margin of methanol of the Group decreased to approximately negative 2.3% for 1H2020 from approximately 4.3% for 1H2019. This was due mainly to the weakened international energy prices which in turn caused the drop in the average selling price of methanol by approximately 35% and such drop was greater than the drop in the average production cost (purchase price of coal) of methanol.

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		-2.3	w
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## DIMETHYL ETHER DME

Gross profit margin of DME of the Group decreased by approximately 4 percentage point to approximately 5.7% for 1H2020 from approximately 9.7% for 1H2019. This was a result of a larger decrease in the average selling price of DME of 15% as compared to a 12% decrease in the average production cost.

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		12	w

## MELAMINE

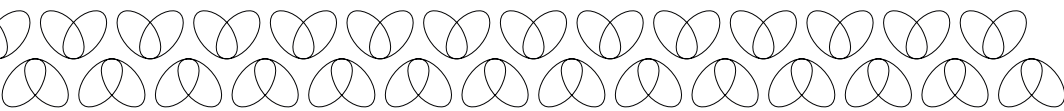
Gross profit margin of melamine of the Group decreased by approximately 7 percentage points to approximately 30.9% for 1H2020 from approximately 37.8% for 1H2019. Under the context that the melamine producers in the PRC have generally recorded losses, the Group leveraged on its technology advantage and cost advantages and managed to maintain the gross profit margin of melamine products above 30%.

		37.8	7
		30.9	w
			u
			u
			30%
			w

## FURFURYL ALCOHOL

Gross profit margin of furfuryl alcohol products increased by approximately 6 percentage points from approximately 7.6% for 1H2019 to 13.1% for 1H2020. By leveraging on its scale advantages, implemented technological transformation and taking advantage of the reduction in the purchase cost of the main raw material (furfural), the Group reduced the cost of sales of furfuryl alcohol by approximately 13% YoY. The reduction was substantially greater than the drop in furfuryl alcohol selling price.

		7.6	6%
		13.1	w
			u
			u
		13%	w
			w



#### OTHER EXPENSES /INCOME

Other income increased by approximately RMB48 million or approximately 151% from approximately RMB32 million in 1H2019 to approximately RMB80 million in 1H2020. This was mainly due to the increase in profit on disposal of items of property, plant and

## INCOMETAX EXPENSE

Income tax expense decreased by approximately RMB12 million or 18% from approximately RMB70 million in 1H2019 to RMB58 million in 1H2020 due to lower profits.

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12,000,000	18	
	58,000,000	u
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## PROFIT FOR THE PERIOD

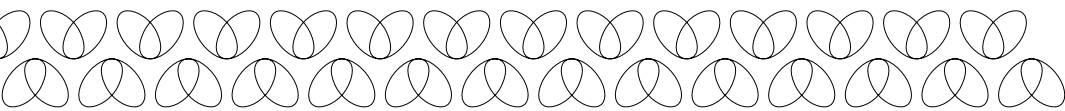
The profit for the period decreased by approximately RMB53 million or 17% from approximately RMB317 million in 1H2019 to approximately RMB264 million in 1H2020. This was mainly due to the decrease in gross profit and increase in selling and distribution expense of approximately RMB56 million and RMB49 million respectively. The decrease in profit for the period was partially offset by the increase in other income of approximately RMB48 million.

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	317,000,000	
53,000,000	17	
	264,000,000	w
56,000,000	49,000,000	
		w
	48,000,000	
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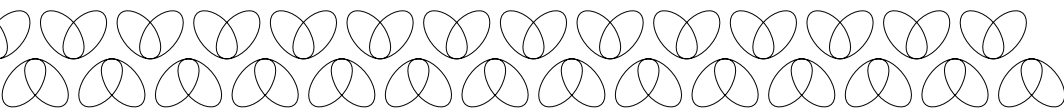
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The domestic and international economic environment has become more complex and volatile recently. Not to mention the continued weakness of international energy prices and the impact of the COVID-19 epidemic. All of these have led to a reduction in the prices of the Group's major chemical products such as methanol, dimethyl ether and melamine. With the domestic epidemic generally under control and the arrival of the winter peak season for the sales of chemical products in the second half of the year, it is expected that the market demand for the Group's major chemical products will gradually recover.

The market integration in the domestic urea industry has been accelerating. The Group expects that the supply and demand of urea products will maintain a tight balance to provide support for domestic urea prices. At the same time, domestic land re-cultivation and land transfer policies are being implemented steadily, which is expected to further promote the modernization of China's agriculture industry. The shortage of food supply in some overseas regions and the increase in domestic food prices as a result of the epidemic will further stimulate the market's demand for high-efficient fertilisers. The Group will also take this opportunity to further advance its product differentiation strategy and strengthen the research and promotion of high-efficient fertilisers, thereby enhancing the Group's profitability and market competitiveness.

In terms of project construction, the Group's Xinxiang production plant relocation project and the Jiangxi base construction project are proceeding as scheduled. The Xinxiang production plant relocation project is expected to be completed and put into production in the third quarter, and the Jiangxi base construction project is expected to be completed and put into production in the fourth quarter. The Jiangxi base construction project is expected to be completed and put into production in the fourth quarter.





Notes:

(a) These shares were held by Pioneer Top Holdings Limited (“Pioneer Top”), an investment holding company established in the British Virgin Islands (the “BVI”). Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries (including Mr. Zhang Qingjin) under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Pioneer Top.

(b) These shares were held by Go Power Investments Limited (“Go Power”) an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power and held the remaining 87.26% of the equity interest in Go Power in trust for more than 1,000 beneficiaries under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Ms. Yan Yunhua is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Go Power.

Save as disclosed above, as at 30 June 2020, none of the directors and chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO, or which has been notified to the Company and the SEHK pursuant to the Model Code.

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(a) Pioneer Top Holdings Limited<sup>2</sup> P<sub>h</sub> T<sub>p</sub> — 3<sup>-</sup> w Pioneer Top 42% u 7 — Pioneer Top 58% w u Pioneer Top w

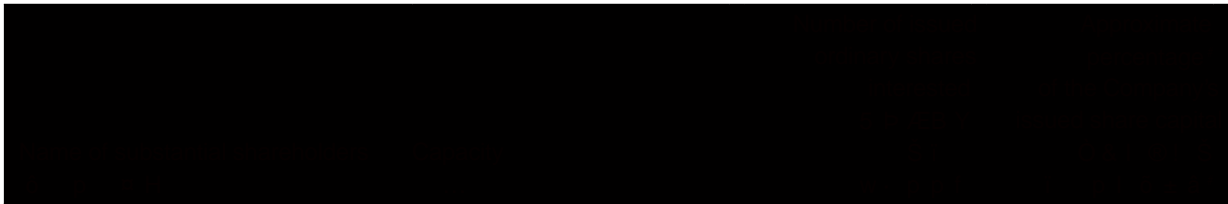
(b) Go Power Investments Limited<sup>2</sup> Go Powe<sub>e</sub> — - w Go Power12.74% u Go Power 1,000 87.26% w u Go Power w

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As at 30 June 2020, the following parties had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO, or as the Company is aware:

LONG POSITIONS



Pioneer Top (Note

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1. OPERATIONAL AND FINANCIAL RISKS

I MARKET RISK

The major market risks of the Group include changes in the average selling prices of key products, changes in the costs of raw materials (mainly coal) and fluctuations in interest and exchange rates.

II COMMODITY PRICE RISK

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

III INTEREST RATE RISK

The major market interest rate risk that the Group is exposed to includes the Group's long-term debt obligations which are subject to floating interest rates.

IV FOREIGN EXCHANGE RISK

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in Hong Kong dollars, United States dollars or Singapore dollars.

V INFLATION AND CURRENCY RISK

According to the data released by the National Bureau of Statistics of China, the consumer price index of the PRC increased by 3.8% in the six months ended 30 June 2020 as compared to an increase of 2.2% in the same period in 2019. Such inflation in the PRC did not have a significant impact on the Group's operating results.

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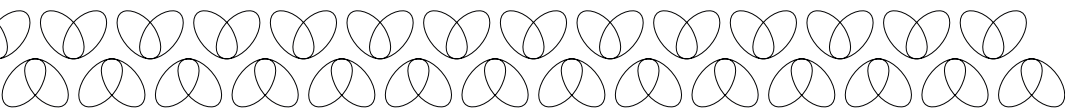
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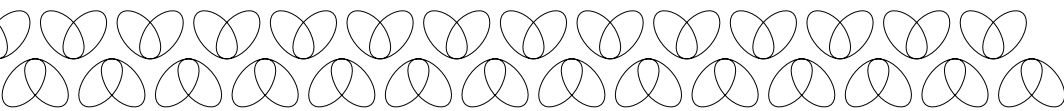


VI LIQUIDITY RISK

The Group monitors its risk exposure to shortage of funds. The Group considers the maturity of both its financial investments and financial assets (e.g. trade receivables and other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. As at 30 June 2020, approximately RMB3,740 million (31 December 2019: RMB2,774 million), or 45.51% (31 December 2019: 46%) of the Group's debts will mature in less than one year based on the carrying value of the borrowings reflected in the financial statements. Currently, the Group is adjusting the loan structures and obtained sufficient long term bank credit.

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	46%—	
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## VII GEARIN



5. **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company devotes to maintaining good practice of corporate governance, and has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2020.

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6. **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS & LISTED ISSUERS**

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the directors of the Company. The Board confirms that, having made specific enquiries with all directors of the Company, during the six months ended 30 June 2020, all directors have complied with the required standards of the Model Code.

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7. **COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES OF THE COMPANY**

The Company has established written guidelines on no less exacting terms than the Model Code (the “Employees Written Guidelines”), governing securities transactions by the relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company during the six months ended 30 June 2020.

8. ~~PURCHASES SALES OR REDEMPTION OF~~  
~~THE~~  
COMPANY'S SECURITIES

For the six months ended 30 June 2020, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

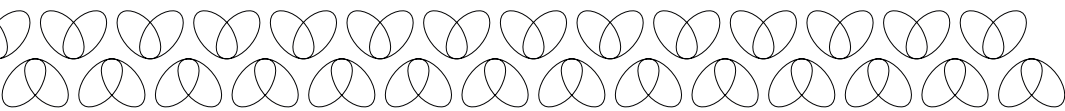
9. ~~CHANGE IN~~ INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of director of the Company is set out below:

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non-executive director of IAG Holdings Limited (a company listed on the GEM of SEHK) with effect from 30 April 2020.

10. ~~EMPLOYEES AND~~ REMUNERATION POLICY

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## 12. CORPORATE COMMUNICATIONS

In accordance with the Listing Rules, the Company has ascertained shareholders' wishes regarding their preferences on the language (i.e. English and/or Chinese) and means of receipt (i.e. in printed form or via the Company's website) of the Company's corporate communications#. Shareholders who have chosen/are deemed to have chosen to receive the corporate communications via the Company's website, and who for any reason have difficulty in receiving or gaining access to the Company's corporate communications will promptly upon request be sent the corporate communications in printed form free of charge. Shareholders have the right at any time to change their choice of language and means of receipt of the Company's corporate communications.

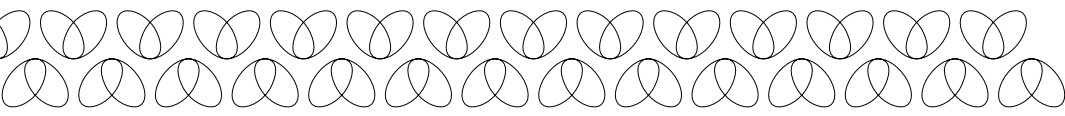
Shareholders may request for a printed copy of the Company's corporate communications or change their choice of language and means of receipt of the Company's corporate communications by sending reasonable prior notice in writing to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders may also send such a notice by email to [chinaxlx-ecom@hk.tricorglobal.com](mailto:chinaxlx-ecom@hk.tricorglobal.com).

## 12. 關於通訊

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[chinaxlx-ecom@hk.tricorglobal.com](mailto:chinaxlx-ecom@hk.tricorglobal.com)  
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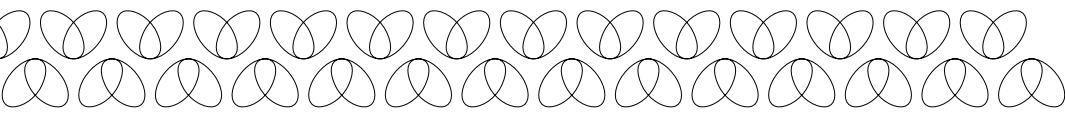


*For the six months ended 30 June 2020*

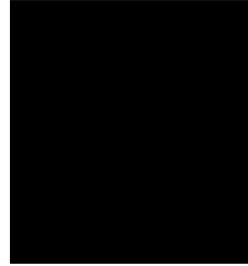


30 June 2020





30 June 2020

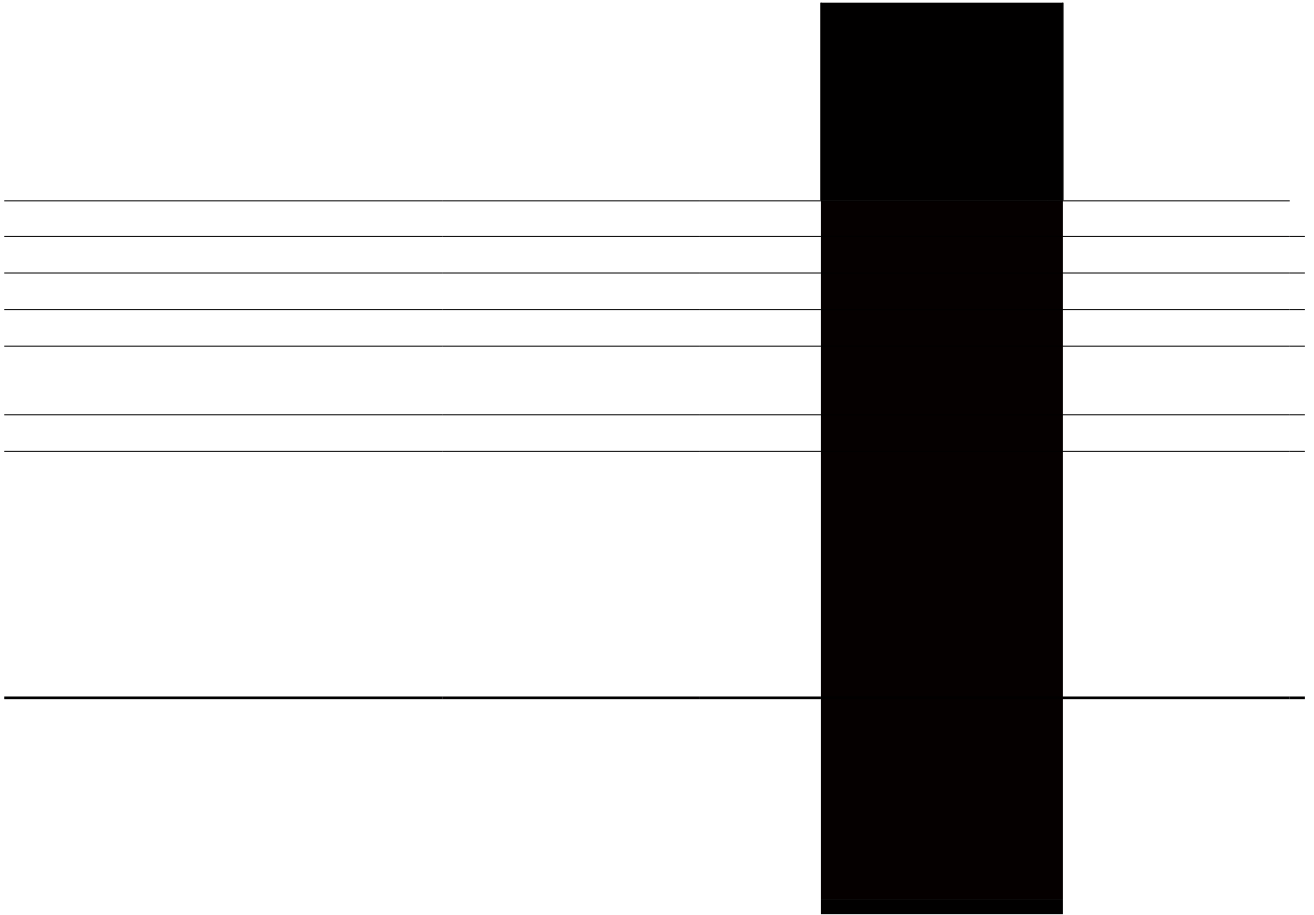


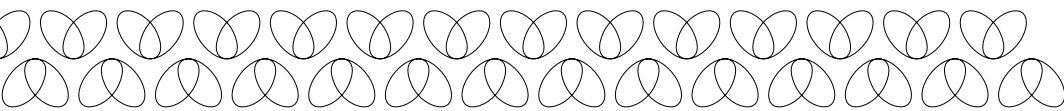




(Unaudited)	—	-							
As at 1 January 2019	1,194,686	45,753	2,060,422	2,433	-	618,520	990,985	4,912,799	
Profit for the period	-	-	-	-	-	251,612	65,848	317,460	
Acquisition of subsidiaries	-	-	-	-	-	-	250,930	250,930	
Transfer to statutory reserve fund	-	38,745	-	-	-	(38,745)	-	-	
Safety product cost	-	-	-	7,814	-	(7,814)	-	-	
Other comprehensive income for the period	-	-	-	-	1,657	-	-	1,657	
Payment of final 2018 dividend	-	-	-	-	-	-	(34,286)	(34,286)	
2018 proposed dividend	-	-	-	-	-	(119,146)	-	(119,146)	
As at 30 June 2019	1,194,686	84,498	2,060,422	10,247	1,657	704,427	1,273,477	5,329,414	







30 June 2020

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China XLX Fertiliser Ltd. is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares are primary-listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898. The principal place of business of the

22 2019 2018 2017 2016 22

The Group has adopted the following standards and interpretation applicable to the Group that have been issued: {

Description	Effective for annual periods beginning on or after			
IFRS 17 Insurance Contracts	1 January 2020	17	{	
Amendments to IFRS 3 : Definition of a Business	1 January 2020	3	{	
Amendments to IFRS 1 and IFRS 8 : Definition of Material	1 January 2020	1	8	{

The directors expect that the adoption of the other standards and interpretation above will have no material impact on the financial statements in the period of initial application. w

3 2019 2018 2017 2016 3

For management purposes, the Group is organised into business units based on its products, and has seven reportable operating segments as follows: u u {

- Manufacturing and sale of urea -
- Manufacturing and sale of urea solution for vehicle -
- Manufacturing and sale of compound fertiliser -
- Manufacturing and sale of methanol -
- Manufacturing and sale of melamine -
- Manufacturing and sale of furfuryl alcohol -
- Manufacturing and sale of dimethyl ether (DME) - (DME)

ALLOCATION BASIS ± ã ? \_

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, other expenses, selling and distribution expenses, general and administrative expenses, finance costs and income tax expense. v w v v w





30 June 2020

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Six months ended 30 June

		2019 (Unaudited) RMB'000
Other income		-
Bank interest income		10,245
Net profit from sales of by-products		27,334
Service fee income		6,561
Penalty income		1,120
Subsidy income		1,920
Investment income		24,938
Compensation income		5,893
Profit on disposal of spare parts and others		-
Profit on disposal of items of property, plant and equipment	v	-
Others		4,080
		82,091
Other expenses		
Loss on impairment of property, plant and equipment	v	(12,683)
Loss on disposal of items of property, plant and equipment	v	(51,281)

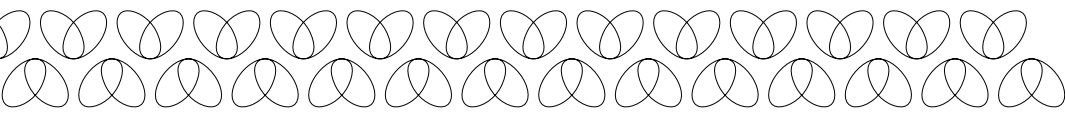




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Earnings per share is calculated by dividing the Group's profit for the period attributable to ordinary equity holders of the Company by the weighted average number of 1,171,621,000 (six months ended 30 June 2019: 1,171,621,000) ordinary shares (inclusive of mandatorily convertible



30 June 2020

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31 December 2019

(Audited)

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RMB'000

Trade receivables	148,006
Bills receivable	245,413
	393,419

Trade receivables are non-interest-bearing and are normally settled on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group's bills receivable are non-interest-bearing and are normally settled on terms of 90 to 180 days. Trade and bills receivables are denominated in RMB.

The Group's trading terms with its customers are mainly payment in advance or on credit for certain customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables as at the end of the reporting

30 June 2020

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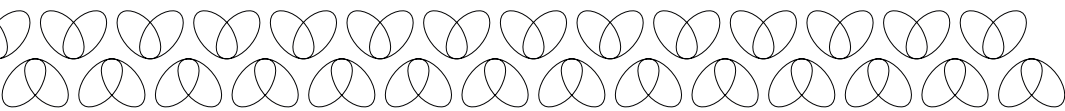
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		31 December 2019
		(Audited)
		—
		RMB'000
Fixed deposits		499,346
Less: Pledged time deposits	{	(499,346)
Cash at banks and on hand		884,448
Cash and cash equivalents		884,448

As at 30 June 2020, the cash and bank balances of the Group denominated in RMB amounted to RMB1,164,325,000 (31 December 2019: RMB863,666,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for 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 the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.





30 June 2020

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An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

		31 December 2019
		(Audited)
		—
		RMB'000
Within 1 month	1	157,435
1 to 3 months	1 3	92,956,611
		93,114,046

31 December 2019

(Audited)

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RMB'000

Analysed into:	{	
Bank loans repayable:	{	
Within one year or on demand		2,590,784
In the second year		2,486,204
In the third to fifth years, inclusive	—	896,784
Beyond five years		41,000
		6,014,772
Loan from government within on year or on demand		909
Finance lease payables:	{	
Within one year or on demand		182,476
In the second year		119,355
In the third to fifth years, inclusive		

30 June 2020

8 **2020**

During the period under review, the Group capitalised interest expenses RMB49,545,000 (2019: Nil) to property, plant and equipment.

8

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49,545,000

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9 **2020**

As at the end of the reporting period, the Group did not have any significant contingent liabilities.

9

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0 **2019**

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31 December 2019

(Audited)

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RMB'000

Capital commitments

Contracted, but not provided for: {

Buildings

826,213

Plant and machinery

2,919,181

Coal mines

15,408

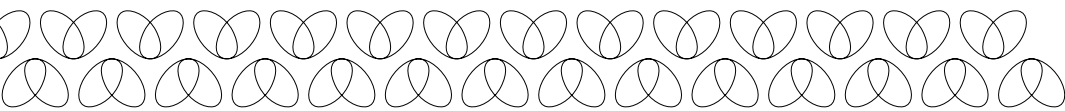
3,760,802

Other commitments

Purchases of raw materials

812,342





30 June 2020

2  C

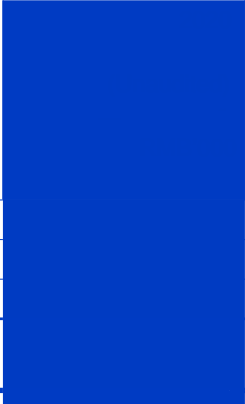


(b) Compensation of directors and key management personnel of the Group:

Six months ended 30 June

2019

(Unaudited)

	Six months ended 30 June
	



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