QINFA

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 2024

The Directors refer to the profit warning announcement of the Company dated 14 August 2024. The financial highlights of the Group for the six months ended 30 June 2024 are set out as follows:

- Revenue for the six months ended 30 June 2024 was RMB1,373.3 million, representing a decrease of 27.9% as compared to the corresponding period in 2023.
- Coal handling and trading volume and commercial coal production volume for the six months ended 30 June 2024 was approximately 2.4 million tonnes and 2.4 million tonnes respectively, representing a decrease of 10.9% and a decrease of 1.2% as compared to the corresponding period in 2023.
- Gross profit margin for the six months ended 30 June 2024 was 23.1% as compared with 20.5% for the corresponding period in 2023. The increase in gross profit margin was mainly due to the decrease in cost of sale.
- Operating profit was RMB146.2 million for the six months ended 30 June 2024 as compared with RMB259.3 million for the corresponding period in 2023.
- Profit after taxation was RMB60.8 million for the six months ended 30 June 2024 as compared with RMB140.1 million for the corresponding period in 2023.
- Profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 was RMB43.0 million, as compared with RMB130.8 million for the corresponding period in 2023.
- Basic earnings per share of the Company was RMB1.62 cents for the six months ended 30 June 2024, representing a decrease of RMB3.52 cents as compared with RMB5.14 cents for the corresponding period in 2023.
- Diluted earnings per share of the Company was RMB1.62 cents for the six months ended 30 June 2024, representing a decrease of RMB3.39 cents as compared with RMB5.01 cents for the corresponding period in 2023.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

The board (the "**Board**") of directors (the "**Directors**") of China Qinfa Group Limited (the "**Company**") refers to the profit warning announcement of the Company dated 14 August 2024. The Board hereby announces the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 with comparative figures for the six months ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**1,373,271**	1,905,924
Cost of sales		**(1,055,983)**	(1,515,776)
Gross profit		**317,288**	390,148
Other income, gains and losses	*6*	**(53,566)**	22,242
Distribution expenses		**(1,475)**	(979)
Administrative expenses		**(102,800)**	(151,967)
(Impairment losses)/reversal of impairment losses on prepayments and other receivables, net		**(465)**	1,316
Other expenses		**(12,736)**	(1,425)
Operating profit		**146,246**	259,335
Finance income		**6,062**	6,185
Finance costs		**(78,294)**	(79,798)
Net finance costs	*7*	**(72,232)**	(73,613)
Profit before taxation	*8*	**74,014**	185,722
Income tax expense	*9*	**(13,207)**	(45,621)
Profit after taxation		**60,807**	140,101

	Notes	Six months ended 30 June **2024** *RMB'000* **(Unaudited)**	2023 *RMB'000* (Unaudited)
Other comprehensive gain/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**16,898**	(15,406)
Other comprehensive gain/(loss) for the period, net of tax		**16,898**	(15,406)
Total comprehensive income for the period		**77,705**	124,695
Profit for the period attributable to:			
Equity shareholders of the Company		**43,022**	130,798
Non-controlling interests		**17,785**	9,303
Profit for the period		**60,807**	140,101
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**59,920**	115,392
Non-controlling interests		**17,785**	9,303
Total comprehensive income for the period		**77,705**	124,695
Earnings per share attributable to the equity shareholders of the Company during the period	*10*		
Basic earnings per share		**RMB1.62 cents**	RMB5.14 cents
Diluted earnings per share		**RMB1.62 cents**	RMB5.01 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Coal mining rights	*11*	**1,650,902**	1,864,159
Property, plant and equipment		**4,320,192**	4,099,728
Right-of-use assets		**15,451**	18,909
Other deposits	*13*	**14,254**	28,331
Interest in an associate		**–**	–
		6,000,799	6,011,127
Current assets			
Inventories		**259,057**	201,046
Trade receivables	*12*	**34,966**	65,741
Prepayments, deposits and other receivables	*13*	**379,589**	358,632
Pledged and restricted deposits		**707,149**	918,295
Cash and cash equivalents		**307,227**	302,732
		1,687,988	1,846,446
Current liabilities			
Trade payables	*14*	**(466,389)**	(420,599)
Other payables and contract liabilities	*15*	**(2,718,299)**	(2,579,441)
Lease liabilities		**(2,525)**	(3,487)
Borrowings	*16*	**(1,752,447)**	(1,876,125)
Tax payable		**(232,202)**	(289,656)
Deferred income		**(2,500)**	(1,900)
		(5,174,362)	(5,171,208)
Net current liabilities		**(3,486,374)**	(3,324,762)
Total assets less current liabilities		**2,514,425**	2,686,365

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Accrued reclamation obligations		**(119,076)**	(115,320)
Lease liabilities		**(7,207)**	(7,321)
Borrowings	*16*	**(1,394,918)**	(1,689,917)
Deferred taxation		**(466,662)**	(538,497)
Deferred income		**(20,592)**	(16,392)
		(2,008,455)	(2,367,447)
Net assets		**505,970**	318,918
Capital and reserves			
Share capital		**211,224**	211,224
Perpetual subordinated convertible securities		**156,931**	156,931
Deficit		**(671,757)**	(841,024)
Total deficit attributable to equity shareholders of the Company		**(303,602)**	(472,869)
Non-controlling interests		**809,572**	791,787
Total equity		**505,970**	318,918

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY BACKGROUND AND BASIS OF PREPARATION

1.1 General information

China Qinfa Group Limited (the "**Company**") was incorporated in the Cayman Islands on 4 March 2008 as an exempted company with limited liability under the Companies Law (2007 revision) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effective from 3 July 2009 (the "**Listing Date**"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1−1111, Cayman Islands and the principal place of business of the Company is Unit Nos. 2201 to 2208, level 22, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou City, the People's Republic of China (the "**PRC**").

The principal activities of the Company and its subsidiaries (together, the "**Group**") are coal mining, purchases and sales, filtering, storage and blending of coal in the PRC.

The Company's functional currency is the Hong Kong dollars ("**HKD**"). However, the presentation currency of the condensed consolidated financial statements is Renminbi ("**RMB**") in order to present the operating results and financial position of the Group based on the economic environment in which the operating subsidiaries of the Group operate.

As at 30 June 2024, Lead Far Development Limited ("**Lead Far**"), a wholly owned subsidiary of the Company, indirectly holds 75% equity interest in PT Sumber Daya Energi ("**SDE**") which holds a coal mining business license in Indonesia. As disclosed in the Company's announcement dated on 25 June 2024, the Group entered into a sale and purchase agreement with Zhejiang Energy International Limited on 25 June 2024 for the disposal of 40% equity interest in Lead Far at a consideration of RMB2,950,000,000 (subject to adjustment). The directors of the Company are of the opinion that if the disposal is completed, the disposal of 40% equity interest in Lead Far will not result in any loss of the Group's control over Lead Far and its subsidiaries, and any gain or loss arising from the disposal will be directly recognised in equity. Up to the date when the condensed consolidated financial statements are authorised for issue, the disposal has not been yet completed.

1.2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the IASB, except for the adoption of the amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2024 as disclosed in note 2.

The condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory information. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2023. The condensed consolidated financial statements and information thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

The condensed consolidated financial statements are unaudited.

Going concern basis

As at 30 June 2024, the Group had net current liabilities of approximately RMB3,486,374,000 (31 December 2023: RMB3,324,762,000). As at 30 June 2024, borrowings and accrued interest (including default interest) that had been due for immediate payment amounting to approximately RMB492,444,000 (31 December 2023: RMB492,444,000) and approximately RMB166,633,000 (31 December 2023: RMB176,405,000) respectively and classified as current liabilities in respect of Settlement Agreement of Loan III (as defined and detailed in note 16) only have total carrying amount of RMB195,028,000 (31 December 2023: RMB219,918,000) payable within twelve months from 30 June 2024 (31 December 2023: twelve months from 31 December 2023) if only based on the revised scheduled repayment terms set out in the Settlement Agreement of Loan III (as explained in note 16).

In addition, pursuant to the settlement agreements (as detailed in note 16) entered into during the years ended 31 December 2018 and 2021, there are default clauses that the asset management companies can require the Group to pay the outstanding balance of the original borrowings and interest payable in the event of default. As at 30 June 2024, in respect of the settlement agreements, other borrowings, which had no event of default occurred so far up to the end of the reporting period, with carrying amounts of RMB2,173,246,000 (31 December 2023: RMB2,257,498,000) and related interest payable of RMB166,633,000 (31 December 2023: RMB176,405,000) were recognised in the Group's condensed consolidated statement of financial position. Please see note 16 to the condensed consolidated financial statements for details.

Moreover, there are a number of litigations against the Group of which the details are set out in note 19 to the condensed consolidated financial statements, mainly requesting the Group to settle long outstanding payables with interest. And the Group's bank deposits of approximately RMB149,000 (31 December 2023: RMB458,000) were restricted for use in relation to the litigation proceeding.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 June 2024 and subsequently thereto up to the date when the condensed consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the condensed consolidated financial statements are authorised for issue, which include, but are not limited to, the followings:

(i) For borrowings which will be maturing before 30 June 2025, the Group is actively negotiating with banks/lenders before they fall due to secure their renewals so as to ensure that the necessary funds will be in place to meet the Group's working capital and financial requirements in the future will continue to be met. The directors of the Company are of the view that based on past experience and the current communication with banks/lenders, no significant difficulties are expected in renewing the lender's borrowings and banks' short-term revolving borrowings upon their maturities;

(ii) In relation to those borrowings that have been past due or those borrowings that became immediately repayable due to cross-default clauses set out in the respective loan agreements, which are classified as current liabilities and detailed in note 16, the Group is in the process of negotiating with the relevant banks and other lenders to extend the repayment dates and to obtain waivers from banks and other lenders. The directors of the Company are of the view that based on past experience and the current communication with banks/lenders, it is not probable that the banks/lenders will exercise the cross-default clauses to demand immediate payment;

(iii) The Group will actively obtain additional new sources of financing as and when needed;

(iv) Given the stability of demand in coal market and coal prices still within moderately favourable range, the Group will accelerate the coal production of those coal mines currently under production, together with applying cost control measures in cost of sales, administrative expenses and capital expenditures, to increase the Group's internally generated funds and operating cash inflows in coming years continuously. The Group recorded a net operating cash inflow of approximately RMB698,780,000 during the reporting period (six months ended 30 June 2023: approximately RMB999,866,000); and

(v) The Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims. In respect of some of the litigations, the directors of the Company are of the opinion that the Group has valid grounds to defend against the claims.

On the basis of the successful implementation of the measures described above in the foreseeable future and after assessing the Group's current and forecasted cash positions, the directors of the Company are optimistic that the Group will be able to meet in full the Group's financial obligations as they fall due for the twelve months from 30 June 2024. Accordingly, the condensed consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

Overview

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. ESTIMATES

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4. SEGMENT REPORTING

(a) Segment results, assets and liabilities

The Chief Executive Officer (the "**CEO**") reviews the "operating profit" as presented below and the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has only one reportable segment, coal business, which mainly operates its business in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As at the end of the reporting period, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

For the strategic business unit, the CEO reviews internal management reports on a monthly basis.

For the purposes of assessing segment performance and allocating resources between segments, the CEO monitors the results, assets and liabilities attributable to the reportable segment on the following basis:

- The measure used for reporting segment profit is adjusted profit before net finance costs and income tax credit items not specifically attributable to individual segments, such as unallocated head office and corporate expenses are further adjusted.

- Segment assets include all tangible assets, coal mining rights, right-of-use assets, interest in an associate and current assets with the exception of unallocated corporate assets. Segment liabilities include trade payables, other payables attributable to activities of the individual segments, accrued reclamation obligations and borrowings managed directly by the segment.

- Revenue and expenses are allocated to the reportable segment with reference to revenue generated by the segment and the expenses incurred by the segment.

	Coal business	
	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from external customers	**1,373,271**	1,905,924
Reportable segment profit before taxation	**152,308**	258,462
(Impairment losses)/reversal of impairment losses on prepayments and other receivables	**(465)**	1,316

	At 30 June	At 31 December
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Reportable segment assets	**9,421,696**	8,603,697
Reportable segment liabilities	**(7,657,112)**	(7,367,925)

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

Revenue

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reportable segment revenue and consolidated revenue	**1,373,271**	1,905,924

Profit before taxation

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reportable segment profit before taxation	**152,308**	258,462
Unallocated head office and corporate (expenses)/income	**(6,062)**	873
Net finance costs	**(72,232)**	(73,613)
Consolidated profit before taxation	**74,014**	185,722

Assets

	At 30 June	At 31 December
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total of reportable segments assets	**9,421,696**	8,603,697
Elimination of inter-segment receivables	**(1,791,422)**	(752,750)
Unallocated assets	**58,513**	6,626
Consolidated total assets	**7,688,787**	7,857,573

Liabilities

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total of reportable segments liabilities	**7,657,112**	7,367,925
Elimination of inter-segment payables	**(1,637,260)**	(950,259)
Tax payable	**232,202**	289,656
Deferred taxation	**466,662**	538,497
Unallocated liabilities	**464,101**	292,836
Consolidated total liabilities	**7,182,817**	7,538,655

(c) Geographic information

All of the Group's revenue from external customers is attributed to the Group entities' country of domicile (i.e. in the PRC).

The business of the Group operates in different geographic areas. The geographical location of the Group's non-current assets as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
PRC (including Hong Kong)	**3,865,588**	4,241,726
Indonesia	**2,135,211**	1,769,401
	6,000,799	6,011,127

5. REVENUE

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of coal	**1,373,271**	1,905,924

Revenue from sales of goods are recognised when the goods are transferred at a point in time. The performance obligation is satisfied upon the delivery of the goods.

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Foreign exchange (loss)/gain, net	**(74,013)**	18,072
Net gain/(loss) on disposal of property, plant and equipment	**17**	(49)
Government subsidies *(note 1)*	**2,013**	3,131
Reversal of provision for settlement agreements with non-controlling shareholders *(note 2)*	**15,706**	–
Others	**2,711**	1,088
	(53,566)	22,242

Note:

1) The government subsidies of RMB2,013,000 (2023: RMB3,131,000) were granted and received as financial subsidies on the Group's business development for the six months period ended 30 June 2024 and 30 June 2023 from two government subsidies schemes.

During six months period ended 30 June 2024, the subsidies with amount of approximately RMB2,013,000 recognised and received from governmental authorities with conditions that respective entities would maintain their principal places of businesses at the designated area for a period of ten years, starting from the respective dates of government grants.

The government subsidies of RMB3,131,000 for the six months period ended 30 June 2023 were granted by the PRC local government and received/receivable by the Group as financial subsidies on the Group's business development with conditions that the respective entities would maintain their principal places of businesses for the period, which were fulfilled.

2) During the six months ended 30 June 2024, the Group repaid for the remaining amounts of payables of RMB12,245,000 to non-controlling shareholders and the aggregate payable amounts of RMB197,154,000 stipulated in the settlement agreements entered into by the Group and non-controlling shareholders in prior years for a litigation case were fully repaid by the Group, and the directors of the Company are of the opinion that the remaining provision for the settlement agreements is remote and therefore reversal of provision of RMB15,706,000 was recognised.

7. NET FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**(6,062)**	(6,185)
Interest on borrowings	**51,029**	58,425
Interest charge on unwinding of discounts *(note (ii))*	**69,566**	44,715
Total interest expense on financial liabilities not at fair value through profit or loss	**120,595**	103,140
Less: interest capitalised into property, plant and equipment *(note (i))*	**(42,301)**	(23,342)
Finance costs	**78,294**	79,798
Net finance costs	**72,232**	73,613

Notes:

(i) The finance costs have been capitalised at a rate of 7.10% (2023: 6.79%) per annum.

(ii) This item represents the unwinding of discount for the following liabilities using the effective interest rate:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Borrowings	**65,395**	69,604
Lease liabilities	**415**	269
Accrued reclamation obligations *(note)*	**3,756**	(25,158)
	69,566	44,715

Note: During the six months ended 30 June 2023, the Group reassessed the estimated costs and adjusted the accrued reclamation obligations by reference to the latest geological environment protection and land reclamation plans of Xinglong Coal and Hongyuan Coal prepared by geological survey expert engaged by the Group for the change of development and production plans. As a result, the property, plant and equipment and the accrued reclamation obligation decreased by RMB16,564,000 and RMB47,097,000 respectively and the corresponding interest charge on unwinding of discounts of RMB30,533,000 was reversed during the six months ended 30 June 2023. In addition, the interest charge on unwinding of discounts of RMB5,375,000 (other than the aforesaid reassessment) was recognised during the six months ended 30 June 2023.

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**255,181**	224,198
Depreciation of right-of-use assets	**3,099**	2,751
Amortisation of coal mining rights	**227,514**	350,412

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
− PRC Corporate Income Tax	**85,042**	113,995
Deferred tax credit	**(71,835)**	(68,374)
Income tax expense	**13,207**	45,621

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands (six months ended 30 June 2023: nil).

(ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax during both periods.

(iii) Provision for the PRC Corporate Income Tax was based on the statutory rate of 25% (six months ended 30 June 2023: 25%) of the assessable profits of subsidiaries which carried on businesses in the PRC.

(iv) Provision for the Indonesia Corporate Income Tax was based on the statutory rate of 22% (six months ended 30 June 2023: 22%) of the assessable profits of subsidiaries which carried on businesses in Indonesia. No provision for Indonesia Corporate Income Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits in Indonesia during both periods.

10. EARNINGS PER SHARE

Basic earnings per share

The calculations of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculations of basic earnings per share attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2024 and 2023 are based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to equity shareholders of the Company	**43,022**	130,798
Less: Distribution relating to perpetual subordinated convertible securities classified as equity	**(2,655)**	(2,624)
Profit for the period attributable to ordinary equity shareholders of the Company in calculating basic earnings per share	**40,367**	128,174
Shares	**Number of shares**	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,493,413,985**	2,493,413,985

Diluted earnings per share

The calculations of diluted earnings per share attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2024 and 2023 respectively are based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to ordinary equity shareholders of the Company used in calculating basic earnings per share	**40,367**	128,174
Add: Distribution relating to perpetual subordinated convertible securities classified as equity	**N/A**	2,624
Adjusted profit for the period attributable to equity shareholders of the Company used in calculating diluted earnings per share	**40,367**	130,798
Shares	**Number of shares**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,493,413,985**	2,493,413,985
Adjustments for calculation of diluted earnings per share:		
Share options	**4,481,481**	–
Perpetual subordinated convertible securities	**N/A**	118,000,000
Adjusted weighted average number of shares classified as equity for the purpose of diluted earnings per share	**2,497,895,466**	2,611,413,985

For the six months ended 30 June 2024, the computation of diluted earnings per share has not taken into account the potential ordinary shares on perpetual subordinated convertible securities as assumed conversion would result in an increase in earnings per share.

For the six months ended 30 June 2023, the computation of diluted earnings per share has not assumed the exercise of the Company's outstanding share options since the adjusted exercise prices of these options were higher than the average market prices of shares for the outstanding period during the six months ended 30 June 2023.

11. COAL MINING RIGHTS

The balance represents the rights to conduct mining activities in Shanxi Province, PRC and South Kalimantan, Indonesia. The Group has no formal title of ownership over the lands where the PRC mine sites are located, hence none of the carrying amount of right-of-use assets relates to these lands located in the PRC. The Department of Land Resources of Shanxi Province, PRC and Kalimantan Province, Indonesia issued and renewed mining rights certificates to the Group. Details of the Group's coal mining rights are as follows:

Coal mining rights	**Expiry date**
Shanxi Province, PRC	
Xingtao Coal Mine	14 September 2034
Fengxi Coal Mine	24 January 2034
Chongsheng Coal Mine	14 December 2039
Xinglong Coal Mine	14 June 2034
Hongyuan Coal Mine	13 July 2030
South Kalimantan, Indonesia	
SDE Coal Mine	14 May 2034
VSE Coal Mine	14 May 2034
IMJ Coal Mine	14 May 2034
SME Coal Mine	14 May 2034

As at 30 June 2024, the Group's coal mining rights of coal mines located in the PRC with net carrying amount of RMB1,602,683,000 (31 December 2023: RMB1,830,198,000) were pledged for the Group's borrowings (note 16).

12. TRADE RECEIVABLES

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Trade receivables	**71,268**	102,043
Less: allowance for credit loss	**(36,302)**	(36,302)
	34,966	65,741

All of the trade receivables are expected to be recovered within one year from the end of reporting period.

An ageing analysis of trade receivables (net of impairment loss allowance) of the Group is as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 2 months	**12,459**	43,234
Over 2 months but within 6 months	**–**	–
Over 6 months but within 1 year	**–**	–
Over 1 year but within 2 years	**–**	–
Over 2 years *(note)*	**22,507**	22,507
	34,966	65,741

Note: As at 30 June 2024, trade receivables aged over 2 years amounting to approximately RMB22,507,000 (31 December 2023: RMB22,507,000) were due from customers which the Group has trade and other payable balances with the same amount as at the end of the reporting period. The directors of the Company believe that no impairment allowance is necessary in respect of these balances.

The ageing is counted from the date when trade receivables are recognised.

Credit terms granted to customers mainly range from 0 to 60 days (31 December 2023: 0 to 60 days) depending on customers' relationship with the Group, their creditworthiness and past settlement records.

During the current reporting period, the Group provided impairment loss allowance on trade receivables amounting to nil (six months ended 30 June 2023: nil) in profit or loss based on the provision matrix.

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Included in non-current asset		
Other deposits *(note (v))*	**14,254**	28,331
Included in current assets		
Other deposits and prepayments *(note (i))*	**90,959**	104,138
Amounts due from non-controlling shareholders *(note (ii))*	**322,703**	322,703
Other non-trade receivables *(note (iii))*	**313,671**	279,699
	727,333	706,540
Less: allowance for credit losses *(note (iv))*	**(347,744)**	(347,908)
	379,589	358,632

Notes:

(i) Prepayments for purchase of coal, transportation fee and construction and purchase of property, plant and equipment amounting to approximately RMB14,156,000 (31 December 2023: RMB14,156,000), RMB5,010,000 (31 December 2023: RMB10,144,000) respectively was included in other deposits and prepayments. The remaining amount of RMB71,793,000 (31 December 2023: RMB79,838,000) are mainly prepayments for the supplier services to support the Group's ordinary business.

(ii) Amounts due from non-controlling shareholders are unsecured, interest free and have no fixed term of repayment. As at 30 June 2024, the carrying amount of RMB322,703,000 (31 December 2023: RMB322,703,000) were fully impaired in prior years.

(iii) Other non-trade receivable mainly represented value added tax recoverable of RMB271,891,000 (31 December 2023: RMB235,049,000).

(iv) Allowance for credit losses of prepayments and other receivables are as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other deposits and prepayments	**4,541**	5,746
Amounts due from non-controlling shareholders	**322,703**	322,703
Other non-trade receivables	**20,500**	19,459
	347,744	347,908

(v) As disclosed in the Company's announcements dated 13 May 2021 and 3 January 2022, a series of agreements, including heads of agreements ("**HOAs**") dated 12 May 2021 (the "**Proposed Acquisition Agreements**") were entered by the Group with PT Indonesia Multi Energy ("**IME**"), PT Persada Berau Jaya Sakti ("**PBJS**"), PT Tansri Madjid Energi ("**TME**") and PT Vipronity Power Energy ("**VPE**") (the "**Four Sellers**") for proposed acquisitions of 70% equity shareholding in new mining companies (collectively referred to as the "**Targets**") duly established under the laws of Republic of Indonesia that are engaged in coal mining and trading of coals in Indonesia, at an aggregate consideration of IDR1,540,000,000 (equivalent to approximately RMB687,200). Pursuant to the Proposed Acquisition Agreements, the Four Sellers (as non-controlling shareholders of the Targets after completion of the proposed acquisition) would be entitled to 15% of the total saleable coal production of the Targets as profit distributions and such Four Sellers' entitlements are secured by the deposits of aggregate USD4,000,000 (equivalent to RMB28,903,000) paid by the Group. The aforesaid deposits paid by the Group are secured by the 25% equity interest in SDE held by PT Widyanusa Mandiri and 99% equity interest in PT Widyanusa Mandiri until the completion of the proposed acquisitions.

In view of the new government regulation in relation to mining right promulgated by the Government of the Indonesia, on 31 December 2021, the Group entered into addendums of the HOAs, under which the transaction structure under the HOAs was modified, such that, the Group and the Four Sellers established new mining companies, which are owned as to 75% by the Group and 25% by the respective Four Sellers, and the mining business licenses would subsequently be transferred from the Four Sellers to the new mining companies.

As disclosed in the Company's announcement dated 22 August 2022, the registration of the mining business license of TME has been removed from government system. Since then, TME has applied for the restoration of the mining business license and the outcome is so far unfavorable and unsuccessful. Therefore, the Group and TME mutually agreed not to proceed with the proposed transaction in respect of the mining business license. TME shall refund the deposit fund of US$1,000,000 to the Group within the agreed timeline or through the deduction of PT Widyanusa Mandiri's rights to 15% portion of saleable coals at SDE.

As disclosed in the Company's announcement dated 20 November 2023, PBJS has failed to obtain approval from the government authority for the transfer of mining business license to new mining company. Therefore, the Group and PBJS entered into a second addendum of the heads of agreement to terminate the transactions contemplated under the HOAs. PBJS shall refund the deposit fund of US$1,000,000 to the Group within the agreed timeline or through the deduction of PT Widyanusa Mandiri's rights to 15% portion of saleable coals at SDE.

The Board considers that the termination of the aforesaid transactions with TME and PBJS will not have any material adverse effect on the existing business, operations and/or financial position of the Group.

As disclosed in the Company's announcements dated 30 October 2023 and 7 November 2023, according to the Minister of Energy and Mineral Resources in Indonesia, the transfer of the Mining Business License from IME and VPE to new mining companies respectively would not be approved unless the Group's shareholding interests in new mining companies were reduced from 75% to 70%. In light of the foreign ownership limitation, the Group entered into the New Heads of Agreements ("**New HOAs**") with the IME and VPE on 30 October 2023 and agreed to amend certain terms of the HOAs. Pursuant to the New HOAs, the Group's shareholding interest in the new mining companies was reduced from 75% to 70%. Additionally, IME and VPE are no longer entitled to 15% of the total saleable coal production of the new mining companies. In exchange, the Group released IME and VPE from the obligation to return the deposit fund of US$2,000,000, which is considered as additional purchase consideration of the mining business licenses.

As disclosed in the Company's announcement dated 26 June 2024, the mining business licenses were successfully transferred by IME and VPE to the Group. The acquisition of mining business licenses with IME and VPE were completed.

14. TRADE PAYABLES

An ageing analysis of trade payables of the Group based on invoice date is as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**422,702**	372,346
Over 1 year but within 2 years	**33,260**	32,557
Over 2 years	**10,427**	15,696
	466,389	420,599

15. OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued expenses	**490,053**	461,475
Contract liabilities	**273,139**	16,044
Amount due to ultimate holding company	**30,302**	27,469
Amount due to an associate	**215,276**	215,276
Amounts due to directors of the Company	**405**	185
Provision for dividends to non-controlling shareholders	**560,854**	672,856
Other payables *(note)*	**1,148,270**	1,186,136
	2,718,299	2,579,441

Note: Construction payables of approximately RMB623,431,000 (31 December 2023: RMB633,861,000) and payables relating to mineral exploration and mining rights of approximately RMB235,001,000 (31 December 2023: RMB234,668,000) respectively are included in other payables.

The amounts due to ultimate holding company of the Company, an associate, directors of the Company and a related party are unsecured, interest-free and have no fixed term of repayment.

16. BORROWINGS

	Notes	**At 30 June 2024**	At 31 December 2023
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Bank loans			
– Secured	*(i)*	**428,214**	731,799
– Unsecured	*(ii)*	**500,000**	531,000
		928,214	1,262,799
Other borrowings	*(iii)*		
– Secured Loan I (as defined below)		**1,587,615**	1,666,520
– Secured Loan II (as defined below)		**93,187**	98,533
– Secured Loan III (as defined below)		**492,444**	492,444
– Unsecured		**45,905**	45,746
		2,219,151	2,303,243
Total borrowings		**3,147,365**	3,566,042

Notes:

(i) Secured bank loans bear interest at rates of 2.50% to 4.00% (31 December 2023: 1.85% to 4.00%) per annum as at 30 June 2024.

(ii) Unsecured bank loans bear interest at rates ranging from 5.40% to 7.80% (31 December 2023: 5.40% to 7.80%) per annum as at 30 June 2024.

(iii) Other borrowings bear interest at rates ranging from 4.91% to 7.31% (31 December 2023: 4.91% to 7.31%) per annum as at 30 June 2024.

As at 30 June 2024, borrowings of the Group were repayable as follows:

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Within 1 year or on demand	**1,752,447**	1,876,125
Over 1 year but within 2 years	**1,193,918**	1,337,917
Over 2 years but within 5 years	**201,000**	352,000
	1,394,918	1,689,917
	3,147,365	3,566,042

Due to breach of loan covenants and/or occurrence of default events (including the breach of cross default clauses), certain other borrowings with the aggregate carrying amount of approximately RMB492,444,000 (31 December 2023: RMB492,444,000) was past due.

The interest payables of borrowings that have become past due amounting to approximately RMB166,633,000 (31 December 2023: RMB176,405,000) were included in the other payables.

As at 30 June 2024, secured other borrowings of approximately RMB492,444,000 (31 December 2023: RMB492,444,000) had been due for immediate payment (including those overdue or those due to breach of loan covenants and/or occurrence of default events (e.g. breach of cross default clauses)). These borrowings carried interest at rates 4.91% to 7.28% (31 December 2023: 4.91% to 7.28%) per annum and also carried additional penalty interest at rate 2.26% to 3.50% (31 December 2023: 2.26% to 3.50%) per annum after past due.

Settlement Agreement of Loan I (as defined below) and its supplemental agreements

During the year ended 31 December 2018, the Group entered into a legally binding settlement agreement (the "**Settlement Agreement of Loan I**" or "**Loan I**") with an asset management company in the PRC, to reduce the outstanding principal amounts of bank loans assigned by two banks and the relevant outstanding interests (including penalty interests) amounting to approximately RMB4,027,188,000 and RMB582,028,000 in total respectively. The management of the Group considers that the terms of the Settlement Agreement of Loan I are substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by more than 10 per cent, and the Settlement Agreement of Loan I (with revised repayment schedules, revised loan principal amounts, default clauses, change of lender, etc.) superseded the respective original bank loan agreements. Accordingly, such modification of terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Therefore, the Group derecognised the original borrowings and interest payables outstanding and recognised new borrowings measured at fair value as at the date of extinguishment. The difference between the aggregate carrying amount of the borrowings and interest payables of RMB4,609,216,000 derecognised and the fair value of RMB2,704,363,000 of the new borrowings recognised amounting to approximately RMB1,904,853,000 was recognised in profit or loss for the year ended 31 December 2018.

In March 2020, in respect of the above-mentioned borrowings, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement of Loan I**") with the asset management company to revise and extend the repayment schedule for year of 2020 and 2021. The repayment schedule for year of 2022 remained unchanged. The management of the Group considers that the terms of the Supplemental Settlement Agreement of Loan I are not substantially different from the Settlement Agreement of Loan I as the discounted present value of the cash flows under the revised terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms was accounted for as non-substantial modification, and the adjustment of approximately RMB10,700,000 to the carrying amount of the financial liability was recognised as other losses at the date of modification during the year ended 31 December 2020.

In December 2020, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement II of Loan I**") with the asset management company to revise and extend the repayment schedule for December 2020 and year of 2021. The repayment schedule for December 2020 has been changed to 2023. The management of the Group considers that the terms of the Supplemental Settlement Agreement II of Loan I are not substantially different from the Supplemental Settlement Agreement of Loan I as the discounted present value of the cash flows under the revised terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms was accounted for as non-substantial modification, and the adjustment of approximately RMB183,651,000 to the carrying amount of the financial liability was recognised as other losses at the date of modification during the year ended 31 December 2020.

In March 2022, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement III of Loan I**") with the asset management company to revise the repayment schedule for year of 2022 and 2023. The management of the Group considers that the terms of the Supplemental Settlement Agreement III of Loan I are not substantially different from the Supplemental Settlement Agreement II of Loan I as the discounted present value of the cash flows under the revised terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms was accounted for as non-substantial modification, and the adjustment of approximately RMB33,261,000 to the carrying amount of the financial liability was recognised as other gain as set out in note 8 at the date of modification during the year ended 31 December 2022.

In December 2023, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement IV of Loan I**") with the asset management company to revise the repayment schedule for year of 2023. The management of the Group considers that the terms of the Supplemental Settlement Agreement IV of Loan I are substantially different from Supplemental Settlement Agreement III of Loan I as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by more than 10 per cent, and the Supplemental Settlement Agreement IV of Loan I (with revised repayment schedules, revised loan principal amounts, default clauses, change of lender, etc.) superseded the respective original bank loan agreements. Accordingly, such modification of terms was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Therefore, the Group derecognised the original borrowings of RMB1,769,819,000, and recognised new borrowings measured at fair value amounting to RMB1,974,941,000 as at the date of extinguishment. The difference between the aforesaid carrying amounts of the borrowings derecognised and the aforesaid fair value of the new borrowings recognised amounting to approximately RMB211,121,000 was recognised as other losses set out in note 8 at the date of modification during the year ended 31 December 2023.

As at 30 June 2024, the carrying amount of the Group's borrowings from the asset management company in respect of Loan I was approximately RMB1,587,615,000 (31 December 2023: RMB1,666,520,000).

The Settlement Agreement of Loan I contained a default clause which the Group will be required to repay the outstanding balance of the original borrowings and interest payable of approximately RMB4,027,188,000 and RMB128,524,000 (31 December 2023: RMB4,027,188,000 and RMB102,856,000) respectively if the Group fails to repay the borrowings by instalments in accordance with the respective revised repayment schedule as stipulated in the Supplement Settlement Agreement IV of Loan I. There is no occurrence of event of default under the Settlement Agreement of Loan I, Supplemental Settlement Agreement of Loan I, Supplemental Settlement Agreement II of Loan I, Supplemental Settlement Agreement III of Loan I and Settlement Agreement IV of Loan I so far up to the end of the reporting period (31 December 2023: no occurrence of event of default).

Settlement Agreement of Loan II (as defined below)

In May 2021, the Group entered into another legally binding settlement agreement (the "**Settlement Agreement of Loan II**" or "**Loan II**") with the asset management company to reduce the outstanding principal amounts of bank loans assigned by two banks and the relevant outstanding interests (including penalty interests) amounting to approximately RMB295,739,000 and RMB108,647,000 in total respectively. The management of the Group considers that the terms of the Settlement Agreement of Loan II are substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by more than 10 per cent, and the Settlement Agreement of Loan II (with revised repayment schedules, revised loan principal amounts, default clauses, change of lender, etc.) superseded the respective original bank loan agreements. Accordingly, such modification of terms was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Therefore, the Group derecognised the original borrowings of RMB295,739,000 and interest payable of RMB108,647,000 outstanding, and recognised new borrowings measured at fair value amounting to RMB165,713,000 as at the date of extinguishment. The difference between the aforesaid carrying amounts of the borrowings and interest payables derecognised and the aforesaid fair value of the new borrowings recognised amounting to approximately RMB238,673,000 was recognised as other gain at the date of modification during the year ended 31 December 2021.

In February 2022, in respect of the above-mentioned borrowings, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement of Loan II**") with the asset management company to revise the repayment schedule for year of 2022 and 2023. The management of the Group considers that the terms of the Supplemental Settlement Agreement of Loan II are not substantially different from the Settlement Agreement of Loan II as the discounted present value of the cash flows under the revised terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms was accounted for as non-substantial modification, and the adjustment of approximately RMB2,058,000 to the carrying amount of the financial liability was recognised as other losses at the date of modification during the year ended 31 December 2022.

In December 2023, in respect of the above-mentioned borrowings, the Group further entered into a legally binding supplemental agreement (the "**Supplemental Settlement Agreement II of Loan II**") with the asset management company to revise the repayment schedule for year of 2023. The management of the Group considers that the terms of the Supplemental Settlement Agreement II of Loan II are not substantially different from the Supplemental Settlement Agreement of Loan II as the discounted present value of the cash flows under the revised terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms was accounted for as non-substantial modification, and the adjustment of approximately RMB5,476,000 to the carrying amount of the financial liability was recognised as other loss at the date of modification during the year ended 31 December 2023.

As at 30 June 2024, the carrying amount of the Group's borrowings from the asset management company in respect of Loan II was approximately RMB93,187,000 (31 December 2023: RMB98,533,000).

The Settlement Agreement of Loan II contained a default clause which the Group will be required to repay the outstanding balance of the original borrowings and interest payable of approximately RMB295,205,800 and RMB117,953,110 (31 December 2023: RMB295,206,000 and RMB114,159,000) respectively if the Group fails to repay the borrowings by instalments in accordance with the respective revised repayment schedule as stipulated in the Supplemental Settlement Agreement II of Loan II. There is no occurrence of event of default under the Settlement Agreement of Loan II, Supplemental Settlement Agreement of Loan II and Supplemental Settlement Agreement II of Loan II so far up to the end of the reporting period (31 December 2023: no occurrence of event of default).

Settlement Agreement of Loan III (as defined below)

In December 2021, the Group entered into a legally binding settlement agreement (the "**Settlement Agreement of Loan III**" or "**Loan III**") with an asset management company to reduce the outstanding principal amounts of bank loans assigned by a bank and the relevant outstanding interests (including penalty interests in arrears) amounting to approximately RMB492,444,000 and RMB261,645,000 in total respectively. The management of the Group considers that the terms of the Settlement Agreement of Loan III are substantially different as the Settlement Agreement of Loan III (with revised repayment schedules, default clauses, change of lender, etc.) superseded the respective original bank loan agreement. Accordingly, such modification of terms was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Therefore, the Group derecognised the original borrowings of RMB492,444,000 and interest payables of RMB261,645,000 outstanding, and recognised new borrowings and interest payables amounting to RMB492,444,000 and RMB261,645,000 respectively based on the terms of Loan III, as at the date of extinguishment during the year ended 31 December 2021. Therefore, no gain or loss arising from the loan restructuring was recognised at the date of modification during the year ended 31 December 2021.

As at 30 June 2024, the carrying amounts of the Group's borrowings from the asset management company in respect of Loan III and the related interest payable were approximately RMB492,444,000 and RMB166,633,000 (31 December 2023: RMB492,444,000 and RMB176,405,000) respectively, which are included in current liabilities.

The Settlement Agreement of Loan III contained a conditional clause which the Group, unless otherwise notified by the asset management company to repay the outstanding balance of the original borrowings and interest payable or the Group fails to repay in accordance with the revised repayment schedule, should repay the borrowings by instalment in accordance with the respective revised repayment schedule and the total sum of the instalments is less than the outstanding balance of the original borrowings and interest payable, as stipulated in the Settlement Agreement of Loan III. Therefore, as at 30 June 2024, the carrying amount of Loan III and its related interest due for repayment, based on the revised scheduled repayment terms set out in the Settlement Agreement of Loan III and without taking into account the effect of any demand by the asset management company to repay the outstanding balance of the original borrowings and interest payable and the Group's failure to repay in accordance with the revised repayment schedule, is as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**195,028**	219,918
Over 1 year but within 2 years	**–**	–
	195,028	219,918

Due to the above-mentioned conditional clause and the conditions have not been satisfied so far up to the end of the reporting period, new borrowing and interest payable with carrying amounts of RMB492,444,000 and RMB166,633,000 respectively in respect of Settlement Agreement of Loan III were recognised in the Group's condensed consolidated statement of financial position as at 30 June 2024 (31 December 2023: RMB492,444,000 and RMB176,405,000 respectively).

There is no occurrence of event of default under the Settlement Agreement of Loan III as at the end of the reporting period (31 December 2023: no occurrence of event of default).

The Group's secured borrowings (including those due for immediate payment and those not due for immediate payment) are secured by the following assets of the Group:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**61,698**	139,069
Coal mining rights	**1,602,683**	1,830,198

As at 30 June 2024 and 31 December 2023, the Group's total borrowings are also secured by other receivables of a related company of which Mr. Xu Jihua ("**Mr. Xu**") is the shareholder, a property held by Mr. Xu, Fortune Pearl International Limited's ("**Fortune Pearl**", the ultimate holding company of the Company) equity interest in the Company and the Group's equity interest in Huameiao Energy, Xingtao Coal, Fengxi Coal, Chongsheng Coal, Xinglong Coal, Hongyuan Coal and Shuozhou Guangfa. As at 30 June 2024, total borrowings of approximately RMB2,719,151,000 (31 December 2023: RMB2,834,243,000) were guaranteed by the Company, certain subsidiaries of the Company, related parties and/or Mr. Xu.

17. DIVIDEND

No dividends were paid, declared or proposed during the current and prior periods. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

18. CAPITAL COMMITMENTS

At each reporting date, capital commitments outstanding not provided for in the condensed consolidated financial statements are as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**20,188**	26,228

19. CONTINGENT LIABILITIES/PROVISION

(a) Outstanding litigation

(i) Litigation claims relating to dividends to non-controlling shareholders of Huameiao Energy

On 1 September 2020, there was a litigation initiated by the non-controlling shareholders against the Group to claim for their entitled benefits in respect of acquiring 20% of coal production of Xingtao Coal Mine, Fengxi Coal Mine and Chongsheng Coal Mine held by subsidiaries of Huameiao Energy from the year of 2013 to 2020 at production cost prices as the distributions entitled to non-controlling shareholders of Huameiao Energy for the aforesaid period, which were equivalent to aggregate amount of approximately RMB705,860,000.

Pursuant to the judgment issued by the Shanxi Provincial Shouzhou Municipal Intermediate People's Court on 14 October 2023, the Group was ordered to deliver 6.03 million tonnes of coal to non-controlling shareholders without any charge. Subsequently, the Group filed an appeal against the court judgment. On 31 July 2024, the Shanxi Provincial High People's Court issued a ruling in respect of the appeal and the original judgment issued by the Shanxi Provincial Shouzhou Municipal Intermediate People's Court was revoked in view of its deviation from the legal claims by the non-controlling shareholders. Consequently, the Shanxi Provincial High People's Court decided to remand this case to the Shanxi Provincial Shouzhou Municipal Intermediate People's Court for retrial. Up to the date when the condensed consolidated financial statements are authorised for issue, the retrial has not been yet arranged.

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

During the year ended 31 December 2019, there was a litigation claim initiated by Shanxi Yunxin against the Group to demand immediate repayment of overdue payable in relation to purchases of consumables and equipment by the Group. The overall claim amount of approximately RMB72,448,000, which including the aforesaid payable to this supplier of approximately RMB54,124,000 and late penalty interest of approximately RMB18,324,000. Up to the date when the condensed consolidated financial statements are authorised for issue, the litigation claim is still in progress.

The directors of the Company are of the opinion in respect of all the above litigation that the Group has a valid ground to defend against the claim or else made sufficient provision when necessary in the consolidated statement of financial position as at 30 June 2024.

Other than the disclosure of above, as at 30 June 2024, the Group was not involved in any other material litigation or arbitration. As far as the Group was aware up to the date when the condensed consolidated financial statements are authorised for issue, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2024, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business, in which the amounts disputed are immaterial. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the directors of the Company believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

(b) Financial guarantees issued

As at the end of each reporting period, the Group has issued the guarantees to certain banks and another borrowing creditor in respect of borrowings made by Tongmei Qinfa, an associate of the Group. Under the guarantee, the Group that is a party to the guarantee are jointly and severally liable for any of the borrowings of Tongmei Qinfa from those banks and another borrowing creditor.

The maximum liability of the Group at 30 June 2024 under the guarantees issued is a portion of the outstanding amount of the borrowings of Tongmei Qinfa amounting to approximately RMB249,000,000 (31 December 2023: RMB259,000,000).

The Group has not recognised any financial liability (31 December 2023: nil) in respect of the guarantees granted for general banking facilities of the associate as the directors of the Company considered that the amounts of financial guarantee liabilities are immaterial.

(c) Borrowing default clause

The settlement agreements entered into between the Group and asset management companies contained default clauses which the Group will be required to repay the outstanding balances of the original borrowings and interest payables if the Group fails to repay the new borrowings by instalments in accordance with the respective repayment schedules. Particulars of the settlement agreements are disclosed in note 16.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading non-state owned thermal coal supplier in China, and it operates an integrated coal supply chain, including coal mining, purchase and sales, filtering, storage and blending of coal in the PRC and Indonesia. During the six months ended 30 June 2024, the Group continued to focus on these business activities in China and expanded its business activities to the Indonesia. The following sets forth detailed analysis of the principal components of the operating results of the Group:

Revenue from coal business and coal handling and trading volume

	Six months ended 30 June	
	2024	2023
Revenue from coal business *(RMB'000)*	**1,373,271**	1,905,924
Coal handling and trading volume *('000 tonnes)*	**2,407**	2,702

During the six months ended 30 June 2024, the volume of the Group's coal handling and trading decreased as compared to the corresponding period in 2023. The coal selling prices during the six months ended 30 June 2024 were in range between RMB367 per tonne and RMB708 per tonne, as compared to the coal selling prices between RMB557 per tonne and RMB941 per tonne during the same period in 2023. Average coal selling price decreased mainly due to adjustment on thermal coal market price during the period.

The average coal selling prices and the average monthly coal handling and trading volume for each of the three years ended 31 December 2023, 2022 and 2021, and the six months ended 30 June 2024 and 2023 are set forth in the table below:

	Six months ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021
Average coal selling price *(RMB per tonne)*	**571**	705	665	838	736
Average monthly coal handling and trading volume *('000 tonnes)*	**401**	450	432	377	510

Gross profit and gross profit margin

The Group's gross profit was RMB317.3 million during the six months ended 30 June 2024 as compared with gross profit of RMB390.1 million during the same period in 2023. Although average selling prices of thermal coal decreased, gross profit margin for the six months ended 30 June 2024 was 23.1% as compared with gross profit margin of 20.5% for the corresponding period in 2023.

Other Income, Gains and Losses

The Group's other income, gains and losses amounted to a net loss of RMB53.6 million during the six months ended 30 June 2024, representing a decrease of approximately RMB75.8 million, as compared with a net gain of RMB22.2 million during the same period in 2023. During the six months ended 30 June 2024, the currency depreciation of Indonesian Rupiah against RMB was significantly larger than that of the same period in 2023. Such currency depreciation resulted in the foreign exchange loss arising on the settlement of monetary items, and on the retranslation of monetary items.

Net finance costs

Net finance costs of the Group during the six months ended 30 June 2024 amounted to RMB72.2 million, representing a decrease of RMB1.4 million or 1.9% from RMB73.6 million during the corresponding period in 2023. The net finance costs remained constant.

Operating profit

Operating profit of the Group during six months ended 30 June 2024 amounted to RMB146.2 million, representing a decrease of RMB113.1 million or 43.6% from RMB259.3 million during the corresponding period in 2023. Operating profit decreased due to the decreased average selling prices of thermal coal and foreign exchange loss arising on the settlement of monetary items, and on the retranslation of monetary items.

Profit after taxation

Profit after taxation of the Group during six months ended 30 June 2024 amounted to RMB60.8 million, representing a decrease of RMB79.3 million or 56.6% from RMB140.1 million during the corresponding period in 2023. Profit after taxation decreased due to the decreased average selling prices of thermal coal and foreign exchange loss arising on the settlement of monetary items, and on the retranslation of monetary items.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company for the six months ended 30 June 2024 was RMB43.0 million, as compared with profit attributable to the equity shareholders of the Company of RMB130.8 million for the corresponding period in 2023. The decrease in profit attributable to equity shareholders of the Company was mainly attributable to the decreased average selling prices of thermal coal and foreign exchange loss arising on the settlement of monetary items, and on the retranslation of monetary items.

BUSINESS REVIEW

According to the data of the National Bureau of Statistics of China, the domestic raw coal production volume in the first half of 2024 amounted to 2,270 million tonnes, representing a year-on-year decrease of 1.7%, while the volume of imported coal amounted to 250 million tonnes, representing a year-on-year increase of 12.5%. The volume of imported coal which is an important supplementary to the domestic coal inventory has reached record highs as compared to the corresponding period. The total national supply of coal has stayed at a high level as a whole and maintained a growing trend. Meanwhile, the significant increase in the supply of imported coal has put downward pressure on coal prices.

SDE is one of the important projects in which the Group has actively developed and invested resources in recent years. The first SDE mine has officially started operation since the fourth quarter of 2023. At the same time, provided that the construction quality and safety have been ensured, the construction project of the second SDE mine has been carried out with high standards and high efficiency. The success of the SDE project means that the overseas deployment of the Group has been paid off and the internationalization of the Group would reach a new level under the SDE project.

In order to extend the value chain of the industry, the Group has cooperated strategically with Zhejiang Provincial Energy Group Company Ltd. (“**Zhejiang Energy**”). On 25 June 2024, a signing ceremony for the Indonesia SDE coal mine cooperation project was held by both parties to achieve a win-win situation with mutual benefits. On 23 July 2024, the Company convened and held an extraordinary general meeting, in relation to vote on the disposal of 40% equity interest in Lead Far Development Limited, a wholly-owned subsidiary of the Company, to Zhejiang Energy International Limited by Qinfa Investment Limited, a wholly-owned subsidiary of the Company, at a consideration of RMB2,950 million (subject to adjustment). Lead Far Development Limited indirectly holds 75% equity interest in SDE. A resolution in relation to this Sale and Purchase Agreement was duly passed by the shareholders by way of poll at the extraordinary general meeting. The strategic cooperation between the Group and Zhejiang Energy means that upon and subject to completion of the disposal, both parties would work together to develop the Indonesia SDE project to be the benchmark and model of jointly developed overseas projects of Chinese-invested enterprise.

During the period of June 2024, the Group has successfully acquired the mining business licenses from PT Indonesia Mutli Energi, PT Vipronity Power Energy and PT Sugico Pendragon Energi, respectively. The transfer of the three mining business licenses to the three companies, namely PT Inisiasi Merdeka Jaya (“**IMJ**”), PT Venerasi Sejahtera Energi (“**VSE**”) and PT Suprema Marulabo Energi (“**SME**”), which the Company indirectly holds 70% equity interest, has been completed. Currently, the Group holds a total of nine coal mines with five of them located in China and four of them located in Indonesia.

As of 30 June 2024, the Group owned five coal mines in China and four coal mines in Indonesia. The table sets forth certain information about these coal mines.

	Location	Ownership	Coal mining right's area *(sq. km)*	Production capacity *(million tonnes)*	Operation status
Huameiao Energy – Xingtao Coal	Shuozhou Shanxi, China	80%	4.25	1.5	Under operation
Huameiao Energy – Fengxi Coal	Shuozhou Shanxi, China	80%	2.43	0.9	Under operation
Huameiao Energy – Chongsheng Coal	Shuozhou Shanxi, China	80%	2.88	0.9	Under operation
Shenda Energy – Xinglong Coal	Xinzhou Shanxi, China	100%	4.01	0.9	Under development (Temporarily suspended)
Shenda Energy – Hongyuan Coal	Xinzhou Shanxi, China	100%	1.32	0.9	Under development
Sumber Daya Energi – SDE Coal	South Kalimantan, Indonesia	75%	185	N/A	Trial operation
Venerasi Sejahtera Energi – VSE	South Kalimantan, Indonesia	70%	91.38	N/A	Under exploration
Inisiasi Merdeka Jaya – IMJ	South Kalimantan, Indonesia	70%	33.05	N/A	Under exploration
Suprema Marulabo Energi – SME	South Kalimantan, Indonesia	70%	60	N/A	Under exploration

COAL CHARACTERISTICS

Characteristics of the commercial coal produced by the Group's coal mines in China and Indonesia are as follows:

Coal Quality Characteristic	Huameiao Energy – Xingtao Coal	Huameiao Energy – Fengxi Coal	Huameiao Energy – Chongsheng Coal	Shenda Energy – Xinglong Coal	Shenda Energy – Hongyuan Coal	Sumber Daya Energi – SDE Coal
Coal Seam	4, 8, 9, 10, 11	11	9.2, 11	2, 5	2, 5, 6	B
Moisture *(%)*	7–10	8–12	8–12	8.5	8.5	6.8–7.7
Ash *(db, %)*	20–28	20–28	20–28	21.45	30–72	33.7–35.1
Sulfur *(db, %)*	1.4–1.9	1.2–1.6	1.6–2.5	1.52	1.45	0.6–1
Calorific Value *(average, kcal/kg, net, ar)*	4,650–5,200	4,500–5,100	4,600–5,150	4,838	4,187	4,450–4,500

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	Sumber Daya Energi – SDE Coal	Total
Reserves							
Reserves as of 1 January 2024 *(Mt)*	9.53	3.98	2.69	13.50	10.46	307.95	348.11
Less: Total coal reserve depleted from mining operation for the year *(Mt)*	(1.28)	(1.52)	(0.87)	–	–	(0.75)	(4.42)
Reserves as of 30 June 2024 *(Mt)*	**8.25**	**2.46**	**1.82**	**13.50**	**10.46**	**307.20**	**343.69**
– Proven reserves	4.23	–	–	–	–	7.95	12.18
– Probable reserves	4.02	2.46	1.82	13.50	10.46	299.25	331.51
Resources (measured + indicated)							
Resources as of 1 January 2024 *(Mt)*	41.95	5.23	8.14	35.08	20.87	588.91	700.18
Less: Total coal reserve depleted from mining operation for the year *(Mt)*	(1.28)	(1.52)	(0.87)	–	–	(0.75)	(4.42)
Resources (measured + indicated) as of 30 June 2024 *(Mt)*	**40.67**	**3.71**	**7.27**	**35.08**	**20.87**	**588.16**	**695.76**
Resources (inferred) as of 30 June 2024 *(Mt)*	**5.82**	**1.40**	**3.97**	**10.75**	**2.58**	**379.4**	**403.92**

The Group engaged an independent mineral industry consultant to estimate the total coal reserves and resources of the Fengxi Coal and Chongsheng Coal in China and SDE Coal in Indonesia as at 31 December 2023 in accordance with the JORC Code.

The following table sets forth the half-year production figures at the abovementioned mines for the periods indicated:

	Six months ended 30 June	
	2024	2023
Raw coal production volume	***('000 tonnes)***	*('000 tonnes)*
Huameiao Energy – Xingtao Coal	**1,282**	1,593
Huameiao Energy – Fengxi Coal	**1,517**	1,190
Huameiao Energy – Chongsheng Coal	**873**	941
Sumbar Daya Energi – SDE Coal#	**755**	–
Total	**4,427**	3,724

These mainly represented development coal produced from construction of the coal mine.

	Six months ended 30 June	
	2024	2023
Commercial coal production volume	***('000 tonnes)***	*('000 tonnes)*
Huameiao Energy – Xingtao Coal	**833**	1,029
Huameiao Energy – Fengxi Coal	**986**	774
Huameiao Energy – Chongsheng Coal	**568**	612
Total	**2,387**	2,415

Note: According to the competent person's report as at cut-off date of 31 December 2021, the historical operation of the Xingtao Coal achieved an average of 65% of mixed marketable raw coal yield. According to the competent person's report as at cut-off date of 31 December 2023, the historical operation of the Fengxi Coal and Chongsheng Coal achieved an average of 65% of mixed marketable raw coal yield.

Exploration, Mining and Development Expenses

The Group's exploration, mining and development expenses consist of the following amounts:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Materials and consumables	**17,110**	34,133
Staff cost	**140,804**	197,012
Other direct cost	**28,919**	28,884
Amortisation and depreciation	**454,641**	543,160
Overhead and others	**66,386**	78,169
Evaluation fee	**113**	–
Total	**707,973**	881,358

Net Current Liabilities and Current Ratio

As of 30 June 2024, the Group had net current liabilities of RMB3,486.4 million, compared with RMB3,324.8 million as of 31 December 2023. The Group's current ratio as of 30 June 2024 was 0.33, compared with 0.36 as of 31 December 2023. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress as set forth in note 1.2 to the consolidated financial statements.

Capital Expenditure and Commitments

For the six months ended 30 June 2024, the Group incurred an aggregate capital expenditure of RMB543.3 million (six months ended 30 June 2023: RMB361.1 million) mainly related to the construction and the purchase of plant and equipment. Capital commitments contracted for but not incurred by the Group as at 30 June 2024 amounted to RMB20.2 million (as at 31 December 2023: RMB26.2 million), which were mainly related to the purchase of plant and equipment.

Capital Structure

Save as disclosed in this announcement, there has been no material change in the capital structure of the Company during the period. The capital of the Group companies are mainly the ordinary shares and perpetual subordinated convertible securities ("**PSCS**").

Liquidity and Financial Resources

The Group adopts stringent financial management policies and strives to maintain a healthy financial condition. The Group funds its business operations and general working capital by internally generated financial resources and bank and other borrowings. As at 30 June 2024, the Group recorded net current liabilities of RMB3,486.4 million (as at 31 December 2023: RMB3,324.8 million).

The Group has taken initiative to enhance its financial flexibility by diversifying the funding bases and obtain medium term loans to replace short term loans. The Group is currently negotiating with financial institutions to renew and extend bank borrowings and consider ways to improve the Group's working capital. As at 30 June 2024, cash and cash equivalents of the Group amounted to RMB307.2 million (as at 31 December 2023: RMB302.7 million), representing an increase of 1.5%.

Due to breach of loan covenants and/or occurrence of default events (including the breach of cross default clauses), certain other borrowings with the aggregate carrying amount of approximately RMB492.4 million (31 December 2023: RMB492.4 million) was past due.

The interest payables of borrowings that have become past due amounting to approximately RMB166.6 million (31 December 2023: RMB176.4 million) were included in the other payables.

As at 30 June 2024, secured other borrowings of approximately RMB492.4 million (31 December 2023: RMB492.4 million) had been due for immediate payment (including those overdue or those due to breach of loan covenants and/or occurrence of default events (e.g. breach of cross default clauses)). These borrowings carried interest at rates 4.91% to 7.28% (31 December 2023: 4.91% to 7.28%) per annum and also carried additional penalty interest at rate 2.26% to 3.50% (31 December 2023: 2.26% to 3.50%) per annum after past due.

As at 30 June 2024, the Group had total banking facilities of RMB3,499.2 million (as at 31 December 2023: RMB3,912.9 million), of which RMB3,147.4 million (as at 31 December 2023: RMB3,566.0 million) were utilised.

As at 30 June 2024, the Group's cash and cash equivalents were mainly held in RMB, except for the amount of RMB7.4 million in United States dollars ("**USD**") and amount of RMB79.1 million in Indonesian.

The gearing ratio (calculated as bank and other borrowings netted off sum of cash and cash equivalents and pledged and restricted deposits divided by total assets) of the Group as of 30 June 2024 was 27.7% (as at 31 December 2023: 29.8%). The gearing ratio improved due to repayment of loan.

For the funding policy, the Group funds its working capital and other capital requirements from a combination of various sources, including but not limited to internal resource and external borrowing at reasonable interest rates.

For the treasury policy, the Group adopts centralized management on financing activities and prudent financial management approach on the use of capital.

As at 30 June 2024, the Group had total banking and other borrowing of RMB3,147.4 million (31 December 2023: RMB3,566.0 million), of which RMB81.2 million (31 December 2023: RMB84.1 million) were made in Euro and RMB3,066.2 million (31 December 2023: RMB3,481.9 million) were made in RMB.

Exposure to Fluctuations in Exchange Rates

The Group's cash and cash equivalents are held predominately in RMB, USD and Indonesian Rupiah. Operating outgoings incurred by the Group's subsidiaries in China are mainly denominated in RMB while overseas purchases are usually denominated in USD and Indonesian Rupiah. The Group's subsidiaries usually receive revenue in RMB. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of the exchange rate between RMB, USD and Indonesian Rupiah and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

Pledge of assets of the Group and Guarantee

As at 30 June 2024, the Group's assets in an aggregate amount of RMB2,371.7 million (as of 31 December 2023: RMB2,887.1 million) were in forms of property, plant and equipment, coal mining rights and inventories.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDER

Fortune Pearl International Limited, which is wholly-owned by Mr. Xu Jihua, the controlling shareholder, pledged 949,000,000 shares of the Company, representing approximately 38.06% of the issued share capital of the Company, for the purpose of securing the loans of approximately RMB1,587.6 million as at 30 June 2024 (as at 31 December 2023: RMB1,666.5 million) owed by certain subsidiaries of the Group to a creditor. In addition, pursuant to the debt restructuring proposal, if there is any material change in the shareholding of the Company held by the controlling shareholder of the Company, the creditor shall have the right to withdraw the debt reduction and the revised repayment schedule granted to the Group. For details, please refer to the announcement of the Company dated 9 August 2018.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 25 June 2024, Qinfa Investment Limited (a wholly-owned subsidiary of the Company), Zhejiang Energy International Limited and the Company (as guarantor) entered into the sale and purchase agreement, pursuant to which the Qinfa Investment Limited conditionally agreed to sell and Zhejiang Energy International Limited conditionally agreed to purchase 40% shareholding interest in the Lead Far Development Limited at a consideration of RMB2,950 million, subject to adjustment. For details, please refer to the announcement of the Company dated 25 June 2024 and the circular of the Company dated 27 June 2024.

In addition, on 26 June 2024, the Group completed the acquisition of three new coal mining business licenses in Indonesia. For details, please refer to the announcement of the Company dated 26 June 2024.

Other than mentioned above, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

CONTINGENT LIABILITIES AND LITIGATIONS

Except for certain matters related to litigations disclosed in the note 19 to the interim financial statements, the Group did not have any material contingent liabilities as at 30 June 2024.

BUSINESS OUTLOOK

Looking forward to the second half of 2024, from the supply side of coal, domestic coal production continues to optimize and the large-scale domestic intelligent coal mines have effectively enhanced the efficiency and flexibility of production leading the domestic raw coal production volume remains stable. At the same time, the domestic coal inventory is sufficient as the supply from the coal producers like Indonesia, Australia, Mongolia, Russia and so on is expected to be continuously increased and the import of domestic coal keeps at a high level.

From the demand side of coal, during the usual coal usage peak season in the summertime and for heating in the wintertime, the average daily coal consumption may further increase. However, countries are making efforts to achieve carbon neutrality by 2025 and China is also actively promoting a fully green transformation in the economic and social aspects, with the proportion to the new energy and green energy in the energy market being rising that it may more or less increase the chance of an alternative to coal-fired generation. Overall, the balance of the demand and supply situation would tend to be loose in the second half of 2024 and the significant increase in the supply of imported coal may put downward pressure on coal prices.

The Group is working hard to ensure the stability of coal production as well as continues to promote green transformation of coal enterprise by applying intelligent devices and technology for production of good quality coal. The first SDE mine of the Group in Indonesia is now under intensified mining and it is expected that it will further contribute to the Group's performance in the second half of the year.

The Group has successfully acquired three mining business licenses, namely IMJ, VSE and SME, in Indonesia. Currently, the Group has held four mining business licenses, including the SDE, in Indonesia. The Group is now actively making preparations, such as exploration for the reserves, for the new mines and preparing for a leap forward in expansion of the Group. After the completion of further focusing on development of the second SDE mine of the Group, the development of these three new mines is expected to be the next important projects of the Group.

AUDIT COMMITTEE

An audit committee was established by the Board on 12 June 2009 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal controls. The members of the audit committee of the Board are the three independent non-executive Directors, namely Mr. Ho Ka Yiu Simon, Prof. Sha Zhenquan and Mr. Jing Dacheng. Mr. Ho Ka Yiu Simon is the chairperson of the audit committee of the Board.

The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

EMPLOYEES AND REMUNERATION

As at 30 June 2024, the Group employed 3,340 employees. The Group has adopted a performance-based reward system to motivate its staff and such system is reviewed on a regular basis. In addition to the basic salaries, year-end bonuses may be offered to staff members with outstanding performance.

Subsidiaries of the Company established in the PRC are also subject to central pension scheme operated by the local municipal government. In accordance with the relevant national and local labor and social welfare laws and regulations, subsidiaries of the Company established in the PRC are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance. Subsidiaries of the Company incorporated in Hong Kong have participated in mandatory provident fund scheme, if applicable, in accordance with Mandatory Provident Fund Schemes Ordinance.

Moreover, the Company adopted a post-IPO share option scheme to incentivise and retain staff members who have made contribution to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.qinfagroup.com) and the Stock Exchange (www.hkex.com.hk). The interim report for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders and be available on the above websites in due course.

By Order of the Board
China Qinfa Group Limited
XU Da
Chairman

Guangzhou, 29 August 2024

As at the date of this announcement, the Board comprises Mr. XU Da, Mr. BAI Tao, Mr. ZHAI Yifeng and Ms. DENG Bingjing as the executive Directors, and Prof. SHA Zhenquan, Mr. JING Dacheng and Mr. HO Ka Yiu Simon as the independent non-executive Directors.