



心连心

China XLX Fertiliser Ltd.
中國心連心化肥有限公司*

(Incorporated in Singapore with limited liability)

Hong Kong Stock Code: 1866

* For identification purpose only

High-Efficiency Fertilisers in China

Interim Report 2015



This interim report is printed on FSC™ Certified Paper. Pulps used are chlorine-free and acid-free. The FSC™ logo identifies products which contain wood from well-managed forest certified in accordance with the rules of the Forest Stewardship Council®.

Design and Production: iLink Group Limited
www.ilinkfin.com

Corporate Information

Board

Executive Directors

LIU Xingxu (*Chairman of the Board & Chief Executive Officer*)

YAN Yunhua (*Chief Financial Officer*)

ZHANG Qingjin

Non-executive Director

LIAN Jie

Independent Non-executive Directors

ONG Kian Guan

LI Shengxiao

ONG Wei Jin

Board Committees

Audit Committee

ONG Kian Guan (*Chairman*)

LI Shengxiao

ONG Wei Jin

Remuneration Committee

ONG Wei Jin (*Chairman*)

ONG Kian Guan

LI Shengxiao

Nomination Committee

LI Shengxiao (*Chairman*)

ONG Wei Jin

LIU Xingxu

ONG Kian Guan

Authorised Representatives under Listing Rules

YAN Yunhua

SOON Yuk Tai

Joint Company Secretaries

SOON Yuk Tai

TEO Meng Keong

Auditor

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner-in-charge: YONG Kok Keong

(with effect from financial year ended 31 December 2010)

Legal Advisors

Reed Smith Richards Butler (Hong Kong)

Hiways Law Firm (China)

Shook Lin & Bok LLP (Singapore)

Principal Bankers

China Construction Bank

Bank of China

Industrial & Commercial Bank of China

Bank of Communications

China CITIC Bank

HSBC

Standard Chartered Bank

Registered Office

80 Robinson Road

#02-00

Singapore 068898

Headquarters and Principal Place of Business in PRC

Xinxiang High Technology Development Zone

Henan Province

PRC 453731

Principal Place of Business in Hong Kong

20th Floor, Alexandra House

18 Chater Road

Hong Kong

Stock Code

Hong Kong Stock Code: 1866

Corporate Website

<http://www.chinaxl.com.hk>

Management Discussion and Analysis

The board of directors (the “**Board**”) of China XLX Fertiliser Ltd. (the “**Company**” and, together with its subsidiaries, the “**Group**”) is pleased to present this interim report for the six months ended 30 June 2015.

(I) Business Review

Revenue

Revenue for the half year ended 30 June 2015 (“**1H2015**”) increased by about RMB452 million or approximately 19% from approximately RMB2,433 million in the half year ended 30 June 2014 (“**1H2014**”) to approximately RMB2,885 million in 1H2015. The increase was mainly due to the increase in average selling prices and sales volume of urea and compound fertiliser. The increase in revenue was partially offset by the decrease in average selling price and sales volume of methanol.

Urea

Revenue derived from the sales of urea increased by approximately RMB164 million or approximately 11% from approximately RMB1,442 million for 1H2014 to RMB1,606 million for 1H2015 mainly due to the increase in sales volume by approximately 6% and the increase in average selling price by approximately 5%. The increase in sales volume was mainly due to the improvement of production efficiency of the existing production facilities and the increase in selling price was due to promotion of product differentiation.

Methanol

Revenue derived from the sales of methanol decreased by approximately RMB79 million or approximately 21% from approximately RMB381 million for 1H2014 to RMB302 million for 1H2015 mainly due to the decrease in average selling price and sales volume by approximately 17% and 5% respectively. Since the profitability of urea products is better than that of methanol products, the Group has adjusted the production schedule to produce more urea in order to maximise its return.

Compound fertiliser

Revenue derived from the sales of compound fertiliser increased by approximately RMB303 million or approximately 51% from approximately RMB596 million for 1H2014 to RMB899 million for 1H2015. Such increase primarily resulted from the increase in sales volume by approximately 44% in 1H2015 as a result of the expansion of the sales network and the increase in average selling prices by approximately 5%.

Gross profit margin

Overall gross profit margin increased from approximately 15% in 1H2014 to 25% in 1H2015 due to the increase in gross profit margins of urea and compound fertiliser.

Gross profit margin of urea increased from approximately 13% in 1H2014 to 27% in 1H2015 due to the increase in average selling price by approximately 5% and the reduction of average cost of sales by approximately 12%. The decrease in average cost of sales was mainly due to the improvement of the cost efficiency by the outstanding operational performance of Plant IV and lower coal prices.

Gross profit margin of methanol decreased from approximately 24% in 1H2014 to approximately 15% in 1H2015. This was mainly due to the decrease in average selling price by approximately 17%. The decrease in average selling price was partially offset by the reduction of average cost of sales by approximately 7% due to lower coal prices in 1H2015.

(I) **Business Review** (Continued)

Gross profit margin (Continued)

Gross profit margin of compound fertiliser increased from approximately 16% in 1H2014 to 24% in 1H2015. This was mainly due to the increase in average selling price by approximately 5% and the reduction of average cost of sales by approximately 6%. The increased proportion of sales of high efficiency fertilisers not only enhanced the profitability but also the competitiveness of the Group's fertiliser products.

Other income and expenses

Other income, net increased by approximately RMB2 million from approximately RMB16 million in 1H2014 to approximately RMB18 million in 1H2015. This was mainly due to the increase in bank interest income and net profit from sales of by-products by approximately RMB8 million and RMB4 million respectively and the reduction in exchange loss by approximately RMB5 million. The increase was partially offset by loss on disposal of items of property, plant and equipment of approximately RMB16 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB98 million or approximately 132% from approximately RMB74 million in 1H2014 to approximately RMB172 million in 1H2015. This was mainly due to the increase in advertising expenses, transportation cost, staff costs and travelling expenses by approximately RMB43 million, RMB22 million, RMB18 million and RMB8 million respectively. The increase in advertising expenses is in line with the Group's product differentiation strategy to increase the proportion of sales of high efficiency fertilisers. The increase in transportation cost was mainly due to the increase in sales of compound fertiliser by railway transportation and sales of urea to industry customers. The Company has taken into account the transportation cost in the selling prices of the compound fertiliser and urea. The increases in staff costs and travelling expenses are in line with the expansion of the Group's sales networks.

General and administrative expenses

General and administrative expenses increased by approximately RMB22 million or approximately 17% from approximately RMB131 million in 1H2014 to approximately RMB153 million in 1H2015. The increase was mainly due to the increase in staff costs, welfare expenses and depreciation and amortisation by approximately RMB22 million, RMB6 million and RMB4 million respectively. The increase was partially offset by the decrease in advertising expense by approximately RMB11 million. The increased general and administrative expenses are in line with the Group's expansion in 1H2015.

Finance costs

Finance costs increased by approximately RMB3 million or approximately 3% from approximately RMB106 million in 1H2014 to approximately RMB109 million in 1H2015, which was mainly due to the increase in the interest-bearing bank and other borrowings raised in 1H2015 as compared against 1H2014.

Income tax expense

Income tax expense increased by approximately RMB32 million or approximately 202% from approximately RMB16 million in 1H2014 to RMB48 million in 1H2015 due to higher profits earned by the Group in 1H2015.

Management Discussion and Analysis

(I) Business Review (Continued)

Profit for the period

The profit for the period increased by approximately RMB183 million or approximately 293% from approximately RMB62 million in 1H2014 to approximately RMB245 million in 1H2015. This was mainly due to the increase in gross profit of approximately RMB337 million in 1H2015 led by better gross profit margins of urea and compound fertilisers from the increased proportion of sales of high efficiency fertilisers. The revenue and profit before tax of high efficiency fertilisers accounted for approximately 30% and 37% of the Group's total revenue and profit respectively. The increase in profit for the period was partially offset by the increase in selling and distribution expenses, general and administrative expenses and income tax expenses by approximately RMB98 million, RMB22 million and RMB32 million respectively.

(II) Financial Review

Gearing

The Group monitors capital with a gearing ratio, which is net debt divided by the sum of total capital and net debt. The Group's policy is to keep the gearing ratio below 90%.

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Due to related companies	2,216	1,704
Trade and bills payables	1,126,972	1,002,339
Accruals and other payables	1,143,960	1,344,779
Interest-bearing bank and other borrowings	4,280,280	4,024,519
Short-term bond payable	–	–
Other payables	6,687	361
Long-term bond payable	500,000	450,000
Less: Cash and cash equivalents	(499,525)	(633,389)
Less: Pledged time deposits	(495,074)	(491,713)
Net debt	6,065,516	5,698,600
Equity attributable to owners of the Company	2,913,373	2,674,955
Less: Statutory reserve fund	(228,477)	(229,180)
Total capital	2,684,896	2,445,775
Capital and net debt	8,750,412	8,144,375
Gearing ratio	69.32%	69.97%

Net debt includes interest-bearing bank and other borrowings, trade and bills payables, amounts due to related companies, accruals and other payables, long-term bond payable and short-term bond payable, less cash and cash equivalents and pledged time deposits. Capital includes equity attributable to owners of the Company less the restricted statutory reserve fund.

(II) Financial Review (Continued)

Loans

Amount payable in one year or less, or on demand

	As at 30/6/2015		As at 31/12/2014	
	Secured RMB'000 (Unaudited)	Unsecured RMB'000 (Unaudited)	Secured RMB'000 (Audited)	Unsecured RMB'000 (Audited)
Bank loans	219,365	453,723	210,056	219,354
Short-term bond payable	-	-	-	-
	219,365	453,723	210,056	219,354

Amount payable after one year

	As at 30/6/2015		As at 31/12/2014	
	Secured RMB'000 (Unaudited)	Unsecured RMB'000 (Unaudited)	Secured RMB'000 (Audited)	Unsecured RMB'000 (Audited)
Bank loans	-	3,602,647	-	3,589,654
Long-term bond payable	-	500,000	-	450,000
Loan from the government	-	4,545	-	5,455
	-	4,107,192	-	4,045,109

Details of guarantee

As at 30 June 2015, the Group has approximately RMB219 million (31 December 2014: RMB210 million) short-term loans secured by pledged fixed deposits.

(III) Prospects

The significant growth of the Company's result during the 1H2015 was primarily benefited from the application of advanced coal gasification technology, which enabled the Company to further reduce the costs. The successful promotion of high efficiency fertilisers has further strengthened the Company's profitability.

As the government has implemented a series of policies in respect of agriculture, environmental protection etc., the efficient utilisation of chemical fertilisers becomes the development trend of the industry. The implementation of policies on tariffs for exported fertilisers since 2015 and the increasing quantity of exported urea over the last decade illustrate that the urea produced in China has been fairly competitive in the international market. Coupled with the government's policies in relation to the constraints for the development of high energy consuming enterprises, industry consolidation and progress in marketisation will be accelerated.

The Company mastered the most advanced coal gasification technology. With its cost leadership as a foundation and further enhancement of product competitiveness in the market, the Company's overall profitability will be greatly enhanced. The trial test of Xinjiang project has been successfully performed. The Xinjiang project has adopted the same technology as the fourth production line; coupled with the advantage of low coal prices in the region, its commencement of operation will further strengthen the Company's overall competitiveness.

(IV) Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2015, the interests of the directors of the Company (the "Directors") and chief executives of the Company in shares of the Company, as recorded in the register required to be kept by the Company pursuant to the Companies Act (Chapter 50) of Singapore (the "Companies Act") and Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), were as follows:

Long positions

Name of Directors	Number of ordinary shares interested			Approximate percentage [#] of the Company's issued share capital
	Personal interests	Corporate interests	Total interests	
Mr. Liu Xingxu	600,000	356,533,999 (Note (a))	357,133,999	35.71%
Ms. Yan Yunhua	300,000	277,734,000 (Note (b))	278,034,000	27.80%
Mr. Ong Kian Guan	100,000	–	100,000	0.01%

[#] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2015.

Notes:

- (a) These shares were held by Pioneer Top Holdings Limited ("Pioneer Top"). Mr. Liu Xingxu beneficially owned approximately 42% of the equity interest in Pioneer Top and held the remaining approximately 58% of equity interest in Pioneer Top in trust for seven beneficiaries (including Mr. Zhang Qingjin) under a trust agreement. Pursuant to the trust agreement dated 26 July 2006, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management in Pioneer Top.
- (b) These shares were held by Go Power Investments Limited ("Go Power"). Ms. Yan Yunhua beneficially owned approximately 12.74% of the equity interest in Go Power and held approximately 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement. 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 in Go Power.

Save as disclosed above, as at 30 June 2015, none of the Directors, chief executives 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 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.

(V) Substantial Shareholders' Interests in Shares and Underlying Shares and Debentures

As at 30 June 2015, the following parties had interests of 5% or more in the issued shares and underlying shares of the Company according to the register of interests required to be kept by the Company pursuant to the Companies Act and Section 336 of the SFO, or as known by the Company:

Long positions

Name of substantial shareholders	Capacity	Number of issued ordinary shares interested	Number of underlying shares upon conversion of the convertible bonds	Total interests	Approximate percentage of shares/underlying shares over the Company's issued share capital
Pioneer Top (Note (a))	Beneficial owner	356,533,999	–	356,533,999	35.65% ^(*)
Go Power (Note (b))	Beneficial owner	277,734,000	–	277,734,000	27.78% ^(*)
Nitro Capital Limited ("Nitro") (Note (c))	Beneficial owner	–	176,000,000	176,000,000	14.97% ^(**)
CITIC Securities Company Limited (Note (d))	Interest held by corporations	263,397,000	–	263,397,000	26.34% ^(*)
CITIC Securities International Company Limited (Note (d))	Interest held by a corporation	263,397,000	–	263,397,000	26.34% ^(*)
CITIC Securities Corporate Finance (HK) Limited (Note (d))	Beneficial owner	263,397,000	–	263,397,000	26.34% ^(*)

* The percentage represents the number of issued ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2015.

** The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2015, as enlarged by the number of shares supposed to be issued after full conversion of the convertible bonds.

Notes:

- (a) Pioneer Top is an investment holding company established in the British Virgin Islands (the "BVI"). Mr. Liu Xingxu beneficially owned approximately 42% of the equity interest in Pioneer Top, and held the remaining approximately 58% of the equity interest in Pioneer Top in trust for seven beneficiaries under a trust agreement, including approximately 7% for Mr. Zhang Qingjin, the Company's executive Director; approximately 7% for Mr. Li Yushun, 7% for Mr. Ru Zhengtao and 7% for Mr. Wang Nairen, the Company's senior management; approximately 7% for Mr. Zhu Xingye and 7% for Mr. Shang Dewei, the Company's employees; and approximately 16% for Mr. Li Buwen, the Company's former executive Director. Mr. Liu Xingxu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the trust agreement. Such interest held by Pioneer Top has also been disclosed as the interest of Mr. Liu Xingxu in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures".
- (b) Go Power is an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned approximately 12.74% of the equity interest in Go Power and held approximately 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under the trust agreement. Ms. Yan Yunhua has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement. Such interest held by Go Power has also been disclosed as the interest of Ms. Yan Yunhua in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures".

(V) Substantial Shareholders' Interests in Shares and Underlying Shares and Debentures (Continued)

Notes: (Continued)

- (c) Nitro is an investment holding company established in the Cayman Islands and is a wholly-owned subsidiary of Primavera Capital (Cayman) Fund I L.P.
- (d) According to the disclosure of interests forms as shown on the website of the SEHK as at 30 June 2015, these 263,397,000 shares were held by CITIC Securities Corporate Finance (HK) Limited, a wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn was a wholly-owned subsidiary of CITIC Securities Company Limited. Accordingly, CITIC Securities International Company Limited and CITIC Securities Company Limited were deemed to be interested in these shares pursuant to Part XV of the SFO. Apart from the information ascertained in the disclosure of interests forms as shown on the website of the SEHK, the Company has no further information.

Save as disclosed above, as at 30 June 2015, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had an interest or a short position in the shares, underlying shares or debentures of the Company that was required to be recorded in the register maintained by the Company pursuant to the Companies Act and Section 336 of the SFO.

(VI) Supplementary Information

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 1.3% in the six months ended 30 June 2015 as compared to an increase of 2.3% in the same period in 2014. Such inflation in the PRC did not have a significant effect on the Group's operating results.

(VI) Supplementary Information (Continued)

1. Operational and Financial Risks (Continued)

(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 2015, approximately RMB673 million (31 December 2014: RMB429 million), or 15.7% (31 December 2014: 10.7%) 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.

(vii) Gearing Risk

The Group monitors its capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital in 2014 and 2015. The gearing ratio of the Group as at 30 June 2015 (calculated as net debt divided by the sum of total capital and net debt) was 69.3%, representing a decrease of 0.7 percentage points as compared to 31 December 2014. As at 30 June 2015, except for the pledged time deposit of RMB495,074,000 (31 December 2014: RMB491,713,000), the Group had no pledge of assets.

2. Contingent Liabilities

As at 30 June 2015, the Group has no material contingent liabilities (2014: Nil).

3. Material Litigation and Arbitration

As at 30 June 2015, the Group was not involved in any material litigation or arbitration (2014: Nil).

4. Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

(VI) Supplementary Information (Continued)

5. Compliance with the Code on Corporate Governance Practices

The Company devotes to best practice on corporate governance, and has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2015, except for code provision A.2.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Mr. Liu Xingxu has been the Chairman of the Board and Chief Executive Officer since the incorporation of the Company. The Board considers such structure beneficial to the Group as the Board believes that Mr. Liu Xingxu, who has extensive experience in the industry, can provide the Company with strong and consistent leadership and visions and also allows for effective and efficient planning and implementation of business decisions and strategies. He can also ensure timeliness of information flow between the Board and management.

In addition, the Directors are of the view that the balanced composition of executive and non-executive Directors (including independent non-executive Directors) on the Board and the existence of various Board committees (comprising all or a majority of independent Directors) in overseeing different aspects of the Company's affairs, are adequate safeguards to ensure a balance of power and authority.

6. Compliance with the Model Code

The Board has adopted the Model Code as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the six months ended 30 June 2015, all Directors have complied with the required standards of the Model Code.

7. Compliance with the Written Guidelines for Securities Transactions by the Relevant Employees

The Company has adopted the Model Code as its written guidelines for the relevant employees of the Group (the "Relevant Employees") in respect of their dealings in the securities of the Company (the "Written Guidelines"). For this purpose, "Relevant Employee" includes any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the six months ended 30 June 2015.

8. Purchase, Sales or Redemption of the Company's Securities

For the six months ended 30 June 2015, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the securities of the Company.

9. Employees and Remuneration Policy

As at 30 June 2015, there were 5,722 (as at 30 June 2014: 5,470) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

(VI) Supplementary Information (Continued)

10. Disclosure on the Websites of the SEHK and the Company

This report is published on the website of the SEHK (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.chinaxlx.com.hk>).

11. 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 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders may also send such a notice by email to chinaxlx-ecom@hk.tricorglobal.com.

Shareholders who have chosen to receive the corporate communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

The Company's corporate communications refer to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to: (a) annual report; (b) interim report; (c) notice of meeting; (d) listing document; (e) circular; and (f) form of proxy.

By Order of the Board
China XLX Fertiliser Ltd.
Yan Yunhua
*Executive Director
and Chief Financial Officer*

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

				Six months ended 30 June	
	Notes	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000		
REVENUE	4	2,884,752	2,432,620		
Cost of sales		(2,174,496)	(2,059,556)		
Gross profit		710,256	373,064		
Other income, net	4	17,715	16,349		
Selling and distribution expenses		(172,482)	(74,379)		
General and administrative expenses		(153,102)	(131,205)		
Finance costs	5	(109,371)	(105,624)		
PROFIT BEFORE TAX	6	293,016	78,205		
Income tax expense	7	(48,080)	(15,921)		
PROFIT FOR THE PERIOD		244,936	62,284		
OTHER COMPREHENSIVE INCOME					
Available-for-sale investment:					
Change in fair value		–	45		
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		–	45		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		244,936	62,329		
Profit attributable to:					
Owners of the parent		245,445	64,082		
Non-controlling interest		(509)	(1,798)		
		244,936	62,284		
Total comprehensive income attributable to:					
Owners of the parent		245,445	64,127		
Non-controlling interest		(509)	(1,798)		
		244,936	62,329		
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic and diluted (RMB cents per share)	9	20.87 cents	5.45 cents		

Details of the dividend paid for the period are disclosed in note 8 to the financial statements.

Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Unaudited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,312,597	6,907,271
Prepaid land lease payments	10	193,167	195,385
Goodwill		9,739	6,950
Coal mining rights	10	102,223	39,594
Available-for-sale investment	12	13,298	13,298
Deferred tax assets		11,050	11,050
Prepayments for purchases of items of plant and equipment	11	285,728	278,022
Total non-current assets		7,927,802	7,451,570
CURRENT ASSETS			
Due from a related company		2,101	–
Inventories	13	394,434	340,638
Trade and bills receivables	14	57,500	36,360
Prepayments	11	243,828	266,240
Deposits and other receivables		438,640	348,304
Income tax recoverable		7,340	20,255
Pledged time deposits	15	495,074	491,713
Cash and cash equivalents	15	499,525	633,389
Total current assets		2,138,442	2,136,899
CURRENT LIABILITIES			
Due to related companies		2,216	1,704
Trade payables	16	133,442	95,574
Bills payable		993,530	906,765
Accruals and other payables		1,143,960	1,344,779
Income tax payable		–	4
Deferred grants		5,233	4,985
Short-term bond payable		–	–
Interest-bearing bank and other borrowings	17	673,088	429,410
Total current liabilities		2,951,469	2,783,221
NET CURRENT LIABILITIES		(813,027)	(646,322)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,114,775	6,805,248

Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Unaudited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	3,607,192	3,595,109
Deferred grants		48,902	37,420
Deferred tax liabilities		38,621	48,902
Other payables		6,687	361
Long-term bond payable		500,000	450,000
Total non-current liabilities		4,201,402	4,131,792
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Issued capital		881,124	881,124
Statutory reserve fund		228,477	229,180
Convertible bonds		329,674	322,436
Fair value reserve		1,097	1,097
Retained profits		1,413,001	1,181,118
Proposed final dividend		60,000	60,000
		2,913,373	2,674,955
Non-controlling interest		–	(1,499)
Total equity		2,913,373	2,673,456

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Issued capital RMB'000	Convertible bonds RMB'000	Available-for-sale investment revaluation reserve RMB'000	Statutory reserve fund RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Non-controlling interest RMB'000	Total Equity RMB'000
(Unaudited)								
As at 1 January 2015	881,124	322,436	1,097	229,180	1,181,118	60,000	(1,499)	2,673,456
Profit for the period	-	-	-	-	245,445	-	(509)	244,936
Other comprehensive income for the period:								
Change in fair value of an available-for-sale investment	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	245,445	-	(509)	244,936
Acquisition of non-controlling interest	-	-	-	(703)	(6,324)	-	2,008	(5,019)
2014 final dividend declared	-	-	-	-	-	-	-	-
Interests on convertible bonds	-	7,238	-	-	(7,238)	-	-	-
As at 30 June 2015	881,124	329,674	1,097	228,477	1,413,001	60,000	-	2,913,373
(Unaudited)								
As at 1 January 2014	836,671	322,436	3,622	199,295	1,089,256	60,000	2,571	2,513,851
Profit for the period	-	-	-	-	64,082	-	(1,798)	62,284
Other comprehensive income for the period:								
Change in fair value of an available-for-sale investment	-	-	45	-	-	-	-	45
Total comprehensive income for the period	-	-	45	-	64,082	-	(1,798)	62,329
Transfer to statutory reserve fund	-	-	-	6,465	(6,465)	-	-	-
2013 final dividend declared	-	-	-	-	-	(60,000)	-	(60,000)
Interests on convertible bonds	-	7,238	-	-	(7,238)	-	-	-
As at 30 June 2014	836,671	329,674	3,667	205,760	1,139,635	-	773	2,516,180

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

			Six months ended 30 June	
	Notes	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	
Cash flows from operating activities				
Profit before tax		293,016	78,205	
Adjustment for:				
Amortisation of prepaid land lease payment	6	2,727	2,215	
Amortisation of coal mining rights	6	819	819	
Depreciation of property, plant and equipment	6	178,861	155,060	
Loss on disposal of items of property, plant and equipment	4, 6	16,001	496	
Amortisation of deferred grants	4	–	(280)	
Interest income	4	(14,758)	(6,897)	
Interest expense	5	109,371	105,624	
		586,037	335,242	
Increase in inventories		(53,796)	(26,928)	
Increase in trade and bills receivables		(21,140)	(59,134)	
Decrease in prepayments		22,412	46,018	
Increase in deposits and other receivables		(77,103)	(69,115)	
Increase in an amount due from a related company		(2,101)	(3,292)	
Increase in trade and bills payables		124,633	344,294	
Decrease in other payables and accruals		(98,507)	(157,026)	
Increase in amounts due to related companies		512	4,343	
Cash generated from operations		480,947	414,402	
Interest received		14,758	6,897	
Interest paid		(109,371)	(105,799)	
Income taxes paid		(30,085)	(17,282)	
Net cash generated from operating activities		356,249	298,218	
Cash flows from investing activities				
Purchases of items of property, plant and equipment, and land use rights		(792,534)	(784,359)	
Proceeds from disposal of items of property, plant and equipment		21	80	
Increase in bank pledged deposits		(3,361)	(180,186)	
Net cash flows used in investing activities		(795,874)	(964,465)	
Cash flows from financing activities				
Proceeds from loans and borrowings		1,174,170	1,204,775	
Repayment of loans and borrowings		(868,409)	(478,109)	
Dividends paid on ordinary shares		–	(60,000)	
Net cash generated from financing activities		305,761	666,666	
Net increase/(decrease) in cash and cash equivalents		(133,864)	419	
Cash and cash equivalents at beginning of period		633,389	797,813	
Cash and cash equivalents at end of period		499,525	798,232	

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

1. Corporate Information

China XLX Fertiliser Ltd. is a limited liability company incorporated in Singapore on 17 July 2006 under the Singapore Companies Act and its shares were dually primarily listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and The Stock Exchange of Hong Kong Limited ("SEHK"). On 12 August 2014, the Company's shares were delisted from the Official List of the Mainboard of SGX-ST. The Company's shares are listed only on the SEHK since then. The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898. The principal place of business of the Group is located at Xinxiang High Technology Development Zone (Xiaoji Town), Henan Province, the People's Republic of China (the "PRC"). The principal activity of the Company consists of investment holding and general trading. The principal activities of the Company's subsidiaries are the manufacturing and trading of urea, compound fertiliser, methanol, liquid ammonia and ammonia solution, and coal mining and sales of coal.

2.1 Basis of Preparation

For all periods up to and including the period ended 30 June 2014, the Group prepared its condensed consolidated interim financial information in accordance with Singapore Financial Reporting Standards ("SFRSs"). Accordingly, the comparative financial information for the period ended 30 June 2014 was prepared under SFRSs.

Subsequent to the delisting of the Company's shares from the SGX-ST, defined in note 1 above, the financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"). Accordingly, the audited financial information as at 31 December 2014 and condensed consolidated interim financial information for the period ended 30 June 2015 have been prepared in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance.

There were no impacts on the Group's financial information resulting from the transition to IFRSs.

The condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2015.

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contribution*
- Annual Improvements 2010-2012 cycle *Amendments to a number of IFRSs*
- Annual Improvements 2011-2013 cycle *Amendments to a number of IFRSs*

The adoption of these standards did not have any material effect on the results and financial position of the financial statements, or their presentation.

3. Operating Segment Information

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

(i) Urea

Urea is a neutral nitrogen-based fertiliser which is suitable for various crops and land. It does not leave any residue in the soil, and provides nitrogen to crops and serves as a raw material for agricultural fertilisers, plastic, resin, coating materials and pharmaceutical industries.

(ii) Compound fertiliser

Compound fertiliser is a type of round, hard, granulated fertiliser and has various distinctive characteristics such as high concentration, high absorption rate by crops, and enhancement of resistance of crops to diseases, insects, droughts and lodges. The use of compound fertiliser generally improves the quality of crops and the productivity of the land. It can be used as ground fertiliser or added fertiliser and is suitable for the growing of wheat, paddy, corn, peanuts, tobacco, fruit trees, vegetables and cotton.

(iii) Methanol

Methanol is a colourless, tasteless, highly volatile, and flammable toxic liquid alcohol. It is an important organic chemical raw material which is mainly used to produce formaldehyde, which is a vital raw material for producing various kinds of resin. Methanol is also a good fuel and has been used as an energy resource in some power stations. Methanol is also widely used in the industrial production of synthetic fibre, plastic, pharmaceutical, pesticides, dye and synthetic protein.

In addition to the three main operating segments, the Group is involved in the production of liquid ammonia and ammonia solution. In addition, the Group had acquired a subsidiary that is engaged in coal mining and the sale of coal in November 2011. However, in the opinion of the directors, there were only limited operations in this subsidiary after the acquisition by the Group and the assets and liabilities were not material for the purpose of segment reporting. Accordingly, a separate operating segment for the coal mining business carried out by the new subsidiary has not been presented.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed consolidated interim financial information. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

3. Operating Segment Information (continued)

Allocation basis

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.

Group assets and liabilities cannot be directly attributable to individual segments as it is impracticable to allocate them to the segments. Except for the assets and liabilities of the newly acquired subsidiary mentioned above which were not material for the purpose of segment reporting, assets of the Group are utilised interchangeably between different segments and there is no reasonable basis to allocate liabilities of the Group between the different segments. Accordingly, it is not meaningful to disclose assets, liabilities and capital expenditure by operating segments.

For the six months ended 30 June 2015

	Compound					Total (Unaudited) RMB'000
	Urea (Unaudited) RMB'000	fertiliser (Unaudited) RMB'000	Methanol (Unaudited) RMB'000	Others (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	
REVENUE						
Sales to external customers	1,606,291	898,714	302,145	77,602	–	2,884,752
Intersegment sales	248,871	2,382	–	1,077	(252,330)	–
Total revenue	1,855,162	901,096	302,145	78,679	(252,330)	2,884,752
Segment profit	435,486	219,671	45,723	9,376	–	710,256
Interest income						14,758
Unallocated other income						2,957
Unallocated expenses						(325,584)
Finance costs						(109,371)
Profit before tax						293,016
Income tax expense						(48,080)
Profit for the period						244,936

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

3. Operating Segment Information (continued)

Allocation basis (continued)

For the six months ended 30 June 2014

	Urea (Unaudited) RMB'000	Compound fertiliser (Unaudited) RMB'000	Methanol (Unaudited) RMB'000	Others (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
REVENUE						
Sales to external customers	1,441,627	596,003	381,261	13,729	–	2,432,620
Intersegment sales	140,829	–	–	4,390	(145,219)	–
Total revenue	1,582,456	596,003	381,261	18,119	(145,219)	2,432,620
Segment profit	186,053	93,123	92,076	1,812	–	373,064
Interest income						6,897
Unallocated other income						9,452
Unallocated expenses						(205,584)
Finance costs						(105,624)
Profit before tax						78,205
Income tax expense						(15,921)
Profit for the period						62,284

4. Revenue and Other Income, Net

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts.

An analysis of the Group's revenue, other income, net is as follows:

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue		
Sale of goods	2,884,752	2,432,620

4. Revenue and Other Income, Net (continued)

Six months ended 30 June		
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Other income		
Bank interest income	14,758	6,897
Net profit from sales of by-products	13,885	10,196
Service fee income from related parties	317	1,226
Amortisation of deferred grants	–	280
Penalty income	1,263	184
Subsidy income	4,774	4,239
Others	200	1,432
	35,197	24,454

Six months ended 30 June		
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Other expenses		
Loss on disposal of items of property, plant and equipment	(16,001)	(496)
Exchange loss, net	–	(5,315)
Others	(1,481)	(2,294)
	(17,482)	(8,105)
Other income, net	17,715	16,349

5. Finance Costs

Six months ended 30 June		
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Interest on bank loans, overdrafts and other loans, wholly repayable within five years	156,497	105,624
Less: interest capitalised	(47,126)	–
	109,371	105,624

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

6. Profit Before Tax

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Cost of inventories sold	2,174,496	2,059,556
Depreciation of property, plant and equipment	178,861	155,060
Amortisation of prepaid land lease payments	2,727	2,215
Amortisation of coal mining rights	819	819
Minimum lease payments under operating leases:		
Land	199	706
Buildings	1,120	1,120
	1,319	1,826
Employee benefit expenses (including directors' remuneration):		
Salaries and bonuses	220,198	144,743
Contributions to defined contribution plans	28,557	13,934
Welfare expenses	11,684	8,604
	260,439	167,281
Auditors' remuneration	850	743
Loss on disposal of items of property, plant and equipment	16,001	496

7. Income Tax

The Company is incorporated in Singapore and is subject to an income tax rate of 20% for the six months ended 30 June 2015 (six months ended 30 June 2014: 20%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The Company's subsidiaries in Mainland China are subject to an income tax rate of 25% (2014: 25%). For the six months ended 30 June 2015, one of the subsidiaries was subject to a concessionary tax rate of 15% as it obtained the New/High Technology Enterprise Award.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

7. Income Tax (continued)

The major components of income tax expense for the six months ended 30 June 2015 and 2014 are:

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Current – PRC		
Charge for the period	48,080	15,921

8. Dividend

Final dividend of RMB60,000,000 (year ended 31 December 2013: RMB60,000,000) for the year ended 31 December 2014 was declared during the six months ended 30 June 2015.

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

9. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

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 1,176,000,000 (six months ended 30 June 2014: 1,176,000,000) ordinary shares (inclusive of mandatorily convertible instruments issued during the period) outstanding during the period.

There were no potentially dilutive ordinary shares in existence during the six months ended 30 June 2015 and 2014 and therefore the diluted earnings per share amounts for those periods were the same as the basic earnings per share amounts.

10. Property, Plant and Equipment, Prepaid Land Lease Payments and Coal Mining Rights

During the period, payments for purchases of items of property, plant and equipment, land use rights and coal mining rights and proceeds from disposal of items of property, plant and equipment of the Group amounted to approximately RMB792,533,000 and RMB21,000 (six months ended 30 June 2014: RMB784,359,000 and RMB80,000), respectively.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

11. Prepayments

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT		
Prepayments:		
Prepayments for purchases of items of plant and equipment	285,728	278,022
CURRENT		
Prepayments:		
Advanced deposits to suppliers	223,928	244,823
Current portion of prepaid land lease payments	3,843	3,843
Other prepayments	16,057	17,574
	243,828	266,240

12. Available-For-Sale Investment

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT		
Unlisted equity investment, at cost:		
PRC	7,500	7,500
Listed equity investment, at fair value:		
Singapore	5,798	5,798
	13,298	13,298

The above investments in equity securities are designated as available-for-sale financial assets and have no fixed maturity or coupon rate.

There was no change of fair value in respect of the available-for-sale investments for the six months period ended 30 June 2015 (six months ended 30 June 2014: RMB45,000) and arose from the equity investment included in current asset. The market value of the listed equity investment at the date of approval of these financial statements was approximately RMB5,854,000.

13. Inventories

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Raw materials	202,368	170,567
Parts and spares	32,379	36,986
Work-in-progress	5,930	7,212
Finished goods	153,757	125,873
	394,434	340,638

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

14. Trade And Bills Receivables

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade receivables	39,223	31,790
Bills receivable	18,277	4,570
	57,500	36,360

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 Renminbi ("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 period, based on the invoice due date and net of provisions, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 month	22,841	3,267
1 to 3 months	8,896	3,479
3 to 6 months	1,056	8,700
6 to 12 months	5,005	15,921
Over 12 months	1,425	423
	39,223	31,790

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

15. Cash and Cash Equivalents and Pledged Deposits

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Fixed deposits	495,074	491,713
Less: Pledged time deposits	(495,074)	(491,713)
Cash at banks and on hand	499,525	633,389
Cash and cash equivalents	499,525	633,389

As at 30 June 2015, the cash and bank balances of the Group denominated in RMB amounted to RMB485,752,000 (31 December 2014: RMB629,262,000). 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.

16. Trade Payables

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

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within 1 month	77,657	67,929
1 to 3 months	20,860	12,772
3 to 6 months	12,056	3,811
6 to 12 months	11,094	6,008
Over 12 months	11,775	5,054
	133,442	95,574

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. Trade payables are denominated in RMB.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015			31 December 2014		
	Contractual interest rate	Maturity	RMB'000 (Unaudited)	Contractual interest rate	Maturity	RMB'000 (Audited)
CURRENT						
Bank loans						
– secured	1.12% to 1.60%	2015	219,365	3.15%	2015	210,056
– unsecured	2.84% to 6.15%	2015 to 2016	453,723	2.84% to 6.15%	2015	219,354
			673,088			429,410
NON-CURRENT						
Bank loans						
– unsecured	3.55% to 7.21%	2016 to 2020	3,602,647	2.25% to 7.32%	2016 to 2021	3,589,654
Loan from the government						
– unsecured (note (b))	Floating rate at 0.3% above the market prime lending rate	2020	4,545	Floating rate at 0.3% above the market prime lending rate	2020	5,455
			3,607,192			3,595,109
			4,280,280			4,024,519

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Analysed into:		
Bank loans repayable:		
– Within one year or on demand	673,088	429,410
– In the second year	404,579	1,607,904
– In the third to fifth years, inclusive	1,341,068	1,051,750
– Beyond five years	1,857,000	930,000
	4,275,735	4,019,064
Other borrowings repayable:		
– In the third to fifth years, inclusive	4,545	5,455
	4,280,280	4,024,519

17. Interest-Bearing Bank and Other Borrowings (continued)

Notes:

- (a) Certain bank loans of the Group were guaranteed by independent third parties.
- (b) The loan from the government bears interest at a floating rate of 0.35% (2014: 0.35%) above the market prime lending rate and is not due to be repaid within the next 12 months.

The fair values of the Group's interest-bearing bank and other borrowings approximate to their carrying values.

18. Major Non-Cash Transaction – Interest Capitalisation

During the period under review, the Group capitalised interest expenses of RMB47,126,000 (2014: Nil) to property, plant and equipment.

19. Contingent Liabilities

As at the end of the reporting period, the Group did not have any significant contingent liabilities (2014: Nil).

20. Operating Lease Arrangements

As at the end of the reporting period, the Group had outstanding operating lease agreements for buildings in Mainland China. Certain of these leases have options for renewal. Future minimum rentals payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	74,645	74,645
In the second to fifth years, inclusive	151,296	151,296
After five years	29,808	29,808
	255,749	255,749

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

21. Commitments

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital and other commitments as at the end of the reporting period:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Capital commitments:		
Contracted, but not provide for:		
Buildings	211,318	260,479
Plant and machinery	767,053	884,625
Coal mines	116,300	247,607
	1,094,671	1,392,711
Authorised, but not contracted for:		
Plant and machinery	140,560	102,000
	1,235,231	1,494,711
Other commitments:		
Purchases of raw materials	757,006	203,800

Notes to the Condensed Consolidated Interim Financial Information

30 June 2015

22. Related Party Transactions

- (a) In addition to the transactions detailed elsewhere in this interim financial information, the Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Sales of electricity, water and steam to:		
– Henan Shenzhou Heavy Sealing Co., Ltd. [#]	817	827
– Xinxiang Xinlianxin Lifting Equipment Co., Ltd. [#]	3	8
– Xinxiang Xinlianxin Chemical Equipment Co., Ltd. [#]	100	111
– Xinxiang Yuyuan Chemical Co., Ltd. [#]	420	367
– Xinxiang Xinlianxin Hotel Co., Ltd. [#]	143	118
Service fee income for provision of calibration and testing services to:		
– Henan Shenzhou Heavy Sealing Co., Ltd. [#]	12	3
– Xinxiang Xinlianxin Lifting Equipment Co., Ltd. [#]	–	1
– Xinxiang Xinlianxin Chemical Equipment Co., Ltd. [#]	–	4
– Xinxiang Yuyuan Chemical Co., Ltd. [#]	12	13
Purchases of raw materials and consumables from:		
– Xinxiang Yuyuan Chemical Co., Ltd. [#]	2,602	–
– Xinxiang Xinlianxin Chemical Equipment Co., Ltd. [#]	14,955	11,768
Service fee expenses for provision of lifting services by:		
– Xinxiang Xinlianxin Lifting Equipment Co., Ltd. [#]	3,914	1,773
– Xinxiang Yuyuan Chemical Co., Ltd. [#]	3	–
Operating lease expenses to:		
– Henan Xinlianxin Chemicals Group Co., Ltd.	1,120	1,120
Service fee expenses to:		
– Xinxiang Xinlianxin Hotel Co., Ltd. [#]	2,480	2,387
– Xinxiang City Eight Mile Gully Resort Co., Ltd. [#]	355	255

[#] These companies are subsidiaries of Henan Xinlianxin Chemicals Group Co., Ltd. ("Henan Chemicals"), which has common shareholders with the Company. The Company's executive directors and executive officers have certain equity interests in Henan Chemicals.

22. Related Party Transactions (continued)

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

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Directors' fee	400	400
Salaries and bonuses	6,507	2,995
Contributions to defined contribution plans	122	99
Total compensation paid to key management personnel	7,029	3,494

23. Seasonality of Operations

Due to the seasonal weather conditions, the sales of compound fertiliser are subject to seasonal fluctuations, with peak demand in the third quarter of the year.