SOUTHERN ENERGY HOLDINGS GROUP LIMITED

南方能源控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code:1573

2019

INTERIM REPORT

CONTENTS

Definitions

"Anlang Syncline Coal Mine"	a coal mine located near Hezhang County, Bijie City, Guizhou Province, the PRC
"Audit Committee"	the Company's audit committee which was established in accordance with the requirements of the Listing Rules, for the purposes as set out in its terms of reference as amended from time to time
"Board"	board of Directors
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, an consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	SOUTHERN ENERGY HOLDINGS GROUP LIMITED (previously known as CHINA UNIENERGY GROUP LIMITED), an exempted company with limited liability incorporated in the Cayman Islands on 8 January 2014
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Directors" or "our Directors"	directors of the Company
"Group" or "our Group" or "we" or "our"	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Union"	Guizhou Union (Group) Mining Co., Ltd.* (貴州優能(集團)礦業股份有限公司), a limited liability company established in the PRC on 8 June 2011 and a wholly owned subsidiary of the Company
"Lasu Coal Mine"	a coal mine located near the Lasu Township, Hezhang County, Bijie City, Guizhou Province, the PRC, which is wholly-owned by Guizhou Union
"Listing Date"	13 July 2016, being the date on which the Shares are listed on the Stock Exchange
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Luozhou Coal Mine"	a coal mine located in Luozhou Township, Hezhang County, Bijie City, Guizhou Province, the PRC, which is wholly-owned by Guizhou Union
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the Company's nomination committee which was established in accordance with the requirements of the Listing Rules, for the purposes as set out in its terms of reference as amended from time to time

"PRC or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 30 June 2016
"Remuneration Committee"	the Company's remuneration committee which was established in accordance with the requirements of the Listing Rules, for the purposes as set out in its terms of reference as amended from time to time
"Reporting Period"	the six months ended 30 June 2019
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary Share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tiziyan Coal Mine"	a coal mine located near Huangni Township, Dafang County, Bijie City, Guizhou Province, the PRC, which is wholly-owned by Guizhou Union
"Weishe Coal Mine"	a coal mine located near Weishe Township, Hezhang County, Bijie City, Guizhou Province, the PRC, which is wholly-owned by Guizhou Union

Company Profile

We are a producer of anthracite coal based in Guizhou Province of the PRC. We engage in the extraction and sale of anthracite coal. We possess scarce anthracite coal resources with the characteristics of high calorific value, low sulphur content and low ash content. Most of our coal products are suitable to be used as chemical coal and PCI coal, as well as for further value-added applications, such as premium quality active charcoal. We are one of the qualified consolidators in Guizhou Province that are permitted to engage in coal mine acquisition and operation.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 January 2014 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 29 April 2016. The Shares were listed on the Stock Exchange on 13 July 2016.

Currently, we have four underground anthracite coal mines, three of which, namely Weishe Coal Mine, Lasu Coal Mine and Luozhou Coal Mine, are in commercial production, and the remaining one, Tiziyan Coal Mine, is under development. We have also obtained mining rights for Anlang Syncline Coal Mine. We have grown steadily in recent years, primarily as a result of the technological upgrades of our coal mines, which have led to stabilized production capacity.

EXECUTIVE DIRECTORS

Mr. Xu Bo (Chairman and Chief Executive Officer)
Mr. Xiao Zhijun
Mr. Huang Youjun

(With effect from 15 May 2019, Mr. Wei Yue resigned as an executive Director and Mr. Huang Youjun was appointed as an executive Director.)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jiang Chenglin
Mr. Lee Cheuk Yin Dannis

(Mr. Choy Wing Hang William resigned as an independent non-executive Director with effect from 8 August 2019; Mr. Fu Lui resigned as an independent non-executive Director with effect from 15 August 2019.)

MEMBERS OF THE AUDIT COMMITTEE

Mr. Jiang Chenglin
Mr. Lee Cheuk Yin Dannis

(With effect from 8 August 2019, Mr. Choy Wing Hang William resigned as a member of the Audit Committee and Mr. Lee Cheuk Yin Dannis was appointed as a member of the Audit Committee. Mr. Fu Lui resigned as the chairman of the Audit Committee with effect from 15 August 2019.)

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Jiang Chenglin (*Chairman*)
Mr. Xu Bo
Mr. Lee Cheuk Yin Dannis

(With effect from 8 August 2019, Mr. Choy Wing Hang William resigned as the chairman of the Remuneration Committee and Mr. Jiang Chenglin was appointed as the chairman of the Remuneration Committee.)

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Xu Bo (*Chairman*)
Mr. Lee Cheuk Yin Dannis
Mr. Jiang Chenglin

(With effect from 8 August 2019, Mr. Choy Wing Hang William resigned as a member of the Nomination Committee and Mr. Jiang Chenglin was appointed as a member of the Nomination Committee.)

JOINT COMPANY SECRETARIES

Mr. Zhang Weizhe
Ms. Kam Mei Ha, Wendy (FCS (PE), FCIS)

AUTHORIZED REPRESENTATIVES

Mr. Xu Bo
Ms. Kam Mei Ha, Wendy

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Xinhua Road, Nanming District
Guiyang City, Guizhou Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

www.nfny.hk

STOCK CODE

1573

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

LEGAL ADVISORS

as to Hong Kong law:
DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

as to PRC law:
Jingtian & Gongcheng
34/F., Tower 3, China Central Place
77 Jianguo Road
Beijing, China

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Co., Ltd.
Guiyang Branch*
(上海浦東發展銀行股份有限公司貴陽分行)
20 Yan'an Road Central, Yunyan District
Guiyang City, Guizhou Province
China

Agricultural Bank of China Guizhou Branch
Hezhang Sub-branch*
(中國農業銀行貴州分行赫章縣支行)
654 Qianhe Road, Chenguan Town
Bijie City, Guizhou Province
China

The summary of the unaudited interim results of the Group for the Reporting Period and the same period ended 30 June 2018 is set forth as follows:

RESULTS

	Six months ended 30 June	
	2019	2018
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	**281,976**	310,659
Cost of sales	**(133,970)**	(140,366)
Gross profit	**148,006**	170,293
Other income	**2,034**	2,086
Net foreign exchange gain/(loss)	**41**	(165)
Distribution and selling expenses	**(1,833)**	(1,399)
Administrative expenses	**(12,091)**	(11,115)
Finance costs	**(7,165)**	(11,608)
Share of profit/(loss) of a joint venture	**82**	(134)
Profit before taxation	**129,074**	147,958
Income tax expense	**(33,869)**	(37,514)
Profit and total comprehensive income for the period	**95,205**	110,444
	RMB	RMB
Earnings per share		
Basic	**0.13**	0.15

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

ASSETS, LIABILITIES AND EQUITY

	Six months ended 30 June	
	2019	2018
	RMB'000 (unaudited)	RMB'000 (unaudited)
Non-current assets	**1,423,036**	1,461,195
Current assets	**233,456**	207,170
Current liabilities	**(315,948)**	(418,778)
Non-current liabilities	**(55,522)**	(155,644)
Total equity	**1,285,022**	1,093,943

This management discussion and analysis is prepared by the Board. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto of the Group for the six months ended 30 June 2019.

BUSINESS REVIEW AND MARKET REVIEW

According to the National Bureau of Statistics of China, during the first half of 2019, China's GDP was RMB45,093.3 billion, representing a period-on-period increase of 6.3%. The first quarter and second quarter period-on-period growth were 6.4% and 6.2%, respectively. Overall, the national economy has maintained a steady development in the first half of 2019.

2019 is the fourth year of reform on the supply side of the coal industry, which has attained achievements for this stage. According to the data from the National Energy Administration of China, the coal industry has resolved the 290 million tonnes of excess capacity in 2016, reduced its production by 250 million tonnes in 2017, and eliminated its backward production capacity by 270 million tonnes in 2018, upon which the main targets of the "13th Five-Year Plan" coal de-capacity efforts were basically completed.

In 2019, the coal industry is posed to transfer into the new stage of structural de-capacity and systematic optimization of production capacity. The impact of the continuous elimination of backward production capacity policies in recent years has gradually becoming apparent, and the output of high-quality raw coal has steadily increased. According to the National Bureau of Statistics of China, from January to June 2019, the production capacity of high-quality coal was released in an orderly manner, as the national raw coal output was 1,758.20 million tonnes, up 2.6% period-on-period. The growth rate was 1.7 percentage points higher than that from January to May 2019, and accelerated by 2.2 percentage points compared to the first quarter of 2019.

The three coal mines in production under the Group, namely the Weishe Coal Mine, the Luozhou Coal Mine and the Lasu Coal Mine recorded an anthracite coal sales volume of 486,000 tonnes in total, resulting in a revenue of approximately RMB282.0 million.

Looking forward, China economy is expected to operate within a reasonable range and keeps the trend of maintaining overall stability while making steady progress. The state will uphold the supply-side structural reform as the main target, it will continue to encourage the coal industry to bring its production capacity into full play, so as to balance the supply and demand in the market. Such multiple factors are conducive to maintaining stable supply and demand equilibrium in the coal market and keep the price in a stable and rational range.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB282.0 million, representing a decrease of RMB28.7 million, or a drop of approximately 9.2%, from approximately RMB310.7 million for the six months ended 30 June 2018. The decrease in the revenue was primarily attributable to the Lunar New Year vacation this year being longer than that in last year, resulting in a drop in production volume. Sales volume decreased by 6.4% from approximately 519,000 tonnes for the six months ended 30 June 2018 to approximately 486,000 tonnes for the Reporting Period due to the decrease in production volume.

Cost of Sales

The Group's cost of sales decreased by 4.6% to approximately RMB134.0 million for the Reporting Period from approximately RMB140.4 million for the six months ended 30 June 2018, which was primarily attributable to the decrease in production volume.

The Group's cost of sales per tonne recorded an increase from RMB270 per tonne for the six months ended 30 June 2018 to RMB275 per tonne for the Reporting Period.

The following table sets forth a breakdown of the Group's average cost of sales per tonne of anthracite coal for the periods indicated below:

	Six months ended 30 June	
Cost of sales per tonne	**2019 RMB/Tonne**	2018 RMB/Tonne
Staff costs	**127**	118
Cost of materials, fuel and energy	**71**	74
Depreciation and amortisation	**33**	33
Business taxes and surcharges	**37**	39
Others	**7**	6
Total	**275**	270

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit decreased by 13.1% from approximately RMB170.3 million for the six months ended 30 June 2018 to approximately RMB148.0 million for the Reporting Period. The gross profit margin decreased by 4.2% from 54.8% for the six months ended 30 June 2018 to 52.5% for the Reporting Period.

Distribution and Selling Expenses

During the Reporting Period, the Group's distribution and selling expenses were approximately RMB1.8 million, representing an increase of RMB0.4 million, or a rise of approximately 28.6%, from approximately RMB1.4 million for the six months ended 30 June 2018, which was primarily attributable to material consumption which depleted inventory level, resulting in the divergence during the Reporting Period.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses were approximately RMB12.1 million, representing an increase of RMB1.0 million, or a rise of approximately 9.0%, from approximately RMB11.1 million for the six months ended 30 June 2018, which was primarily attributable to increase in staff wages and social security cost as well as operational expenses.

Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB7.2 million, representing a decrease of RMB4.4 million, or a drop of approximately 37.9%, from approximately RMB11.6 million for the six months ended 30 June 2018, which was primarily attributable to partial repayment of loans.

Income Tax Expense

During the Reporting Period, the Group's income tax expense was approximately RMB33.9 million, representing an decrease of RMB3.6 million from approximately RMB37.5 million for the six months ended 30 June 2018, which was primarily attributable to decrease in assessable proceeds.

Profit and Total Comprehensive Income Attributable to Owners of the Company

During the Reporting Period, profit and total comprehensive income attributable to owners of the Company was approximately RMB95.2 million, representing an decrease of RMB15.2 million, or a drop of approximately 13.8%, from approximately RMB110.4 million for the six months ended 30 June 2018. The decrease was primarily attributable to decrease in production volume.

Liquidity and Capital Resources

As at 30 June 2019, the Group had net current liabilities of approximately RMB82.5 million (31 December 2018: RMB165.0 million).

The Group intends to finance its future capital expenditure requirements mainly with the continuous operating cash flows generated from the Group's business, the net proceeds from the listing and the availability of banking facilities. As at 30 June 2019, the Group had bank balances in the amount of approximately RMB228.3 million (31 December 2018: RMB139.2 million) and unutilised banking facilities in the amount of approximately RMB770.9 million (31 December 2018: RMB699.7 million).

As at 30 June 2019, the Group had bank borrowings of approximately RMB129.2 million (31 December 2018: RMB200.3 million). Bank borrowings carry interest at fixed market rates ranging from 5.50% to 6.60% (31 December 2018: ranging from 5.50% to 6.60%) and are repayable within one to two years (31 December 2018: one to two years) and are denominated in RMB.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The management monitors the utilisation of bank borrowings and ensures compliance with the covenants under the relevant loan.

Capital Structure

During the Reporting Period and up to the date of this report, there has been no change in the capital structure of the Company. The capital of the Company comprises its shares and other reserves.

Foreign Exchange Exposure

The Group's business is mainly located in the PRC with most of its transactions effected in RMB. Other than certain bank balances denominated in HKD, most of the assets and liabilities of the Group are denominated in RMB. As the fluctuation of the exchange rate of RMB against HKD was limited during the Reporting Period, the Group was not exposed to a materially adverse risk of exchange fluctuation during the Reporting Period.

The Group has not engaged in any foreign currency contract to hedge the potential foreign currency exchange exposure.

Charges over Assets of the Group

As at 30 June 2019, the Group's mining rights with carrying amounts of approximately RMB850 million (31 December 2018: RMB859 million) were pledged to secure bank borrowings of the Group from Guiyang Branch of Shanghai Pudong Development Bank.

Capital Commitments

No capital commitment was noted at 31 December 2018 and 30 June 2019.

Gearing Ratio

As at 30 June 2019, the gearing ratio (total bank borrowings over total equity and multiplied by 100%) of the Group was 10.1% (31 December 2018: 16.8%). The decrease in the gearing ratio was primarily attributable to decrease in bank borrowings.

Employee and Remuneration Policy

As of 30 June 2019, the Group had a total of 1,586 employees.

The employee's remuneration policy of the Group is formulated on the basis of the performance, work experience and salary level prevailing in the market. The Group has not experienced any significant employment issues or any suspension of operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

Contingent Liabilities

Between 2013 and 2015, the Group entered into five conditional asset transfer agreements with independent third parties to acquire all the assets and liabilities in five companies (with respect to Daihaizi Coal Mine, Xinfeng Coal Mine, Chengguan Coal Mine, Hongfa Coal Mine and Qingsong Coal Mine), each of which is inactive but holding the mining right of an anthracite coal mine in Guizhou Province of the PRC. Each of the agreements contain a number of condition precedents including, but not limited to, transfer of mining right to the Group, technological upgrade and related application for upgrading the annual production capacity of the mines by the vendors, obtaining the updated mining right licences with the increased production capacity, satisfactory completion of the due diligence by the Group as well as consideration determination based on professional valuation.

In 2016, the Group entered into supplemental agreements with the vendors to delineate the rights and obligations between the parties under the proposed acquisitions and each of the vendors agreed to indemnify the Group and its Directors and shareholders for any potential liabilities therefrom. In addition, the Group has the sole and absolute discretion to decide whether or not to proceed with the acquisitions in accordance with the supplemental agreements. Based on the foregoing, the management of the Group is of the view that no provision is considered necessary during the Reporting Period.

At the end of the Reporting Period, the respective acquisitions are yet to complete given the fact that many of the key completion precedents are not satisfied. Hence, the Directors consider that it is unlikely that future economic benefits associated with the mines will flow to the Group in the near term and the consideration of the transactions cannot be accurately measured. The Directors concluded that the risks and rewards of those anthracite coal mines are yet to be transferred to the Group. Notwithstanding certain obligations imposed on the Group in the respective asset transfer agreements as well as those mining licence transfer agreements subsequently entered into, the management of the Group, having consulted its PRC legal advisors, considered that contingent liabilities adhered to those agreements are remote and yet to estimate reliably. Hence, no provision has been made in the financial statements in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Significant Investment Held

There was no other significant investment held by the Company during the Reporting Period.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There was no material acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period and up to the date of this report.

Off-balance Sheet Arrangement

The Group has not entered into, nor does it expect to enter into, any off-balance sheet arrangement. The Group also has not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties.

Issue of Warrants

The Company entered into a subscription agreement on 27 June 2018 (as supplemented by the supplemental agreements dated 31 July 2018 and 28 September 2018) (collectively, the "**Subscription Agreements**") with Mr. Yang Wei ("**Mr. Yang**"), pursuant to which, subject to the fulfillment of the conditions to the Subscription Agreements, the Company agreed to the issue and Mr. Yang agreed to subscribe for 5,000,000 warrants at the issue price of HK$2.32 per warrant and the allotment and issue of up to 5,000,000 shares of US$0.01 each in the share capital of the Company at the initial subscription price of HK$12 per warrant share (subject to adjustments) pursuant to the exercise of the subscription rights attaching to the warrants. For details of the Subscription Agreements, including the terms and conditions precedents, please refer to the Company's announcements dated 27 June 2018, 31 July 2018, 23 August 2018 and 28 September 2018 and the Company's circular dated 9 November 2018.

As of the date of this report, conditions under the Subscription Agreements were not fulfilled or waived, and the Subscription Agreements had ceased and determined.

Proposed Notes Issue

On 20 June 2019, the Company announced that it proposes to conduct an international offering of senior notes (the "**Notes**"), which will be offered to professional investors only (the "**Proposed Notes Issue**"). The Notes are proposed to be guaranteed by certain subsidiaries of the Company (the "**Subsidiary Guarantors**").

In connection with the Proposed Notes Issue, the Company commenced a series of presentations to professional investors only beginning on or around 20 June 2019. CMB International Capital Limited ("**CMBI**") and Standard Chartered Bank have been appointed as the joint global coordinators, joint bookrunners and joint lead managers, in respect of the Proposed Notes Issue. Completion of the Proposed Notes Issue is subject to, among other things, market conditions and investors' interests. Pricing of the Notes, including the aggregate principal amount, the offer price and the interest rate, will be determined through a book building exercise to be conducted by CMBI and Standard Chartered Bank as the joint global coordinators, joint bookrunners and joint lead managers. Upon the finalization of the terms of the Notes, the Company, the Subsidiary Guarantors, CMBI and Standard Chartered Bank will enter into a purchase agreement and other ancillary documents in relation to the Proposed Notes Issue.

The Notes are expected to be rated "B2" by Moody's Investors Service. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's Investors Service.

If the Notes are issued, the Company intends to use the net proceeds of the Proposed Notes Issue for refinancing of indebtedness and general corporate purposes.

The Company believes that the Proposed Notes Issue is in the interest of the Company as the Notes will enhance the working capital requirement of the Group.

For details of the Proposed Notes Issue, please refer to the announcement of the Company dated 20 June 2019. Please note that since no definitive or binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this report, and the Proposed Notes Issue may or may not materialize.

For latest information, please refer to the website of the Company (www.nfny.hk) and/or the website of the Stock Exchange (https://www.hkexnews.hk/index.htm).

Potential Disposal

On 6 June 2019, the Company announced that the Board has been informed by its controlling shareholder, namely Lavender Row Limited (the "**Relevant Shareholder**"), that it has been approached by Bijie City Anfang Construction Investment (Group) Co., Ltd.* (畢節市安方建設投資(集團)有限公司) (the "**Potential Purchaser**") in respect of the Potential Purchaser's desire to acquire up to 143,600,000 ordinary shares in the Company held by the Relevant Shareholder, representing approximately 20% of the entire issued share capital of the Company as at 6 June 2019 (the "**Potential Disposal**").

For details of the Potential Disposal, please refer to the Company's announcements dated 6 June 2019 and 5 July 2019.

Subsequently, the Company has been informed by the Relevant Shareholder that the discussions between the Relevant Shareholder and the Potential Purchaser in relation to the Potential Disposal were terminated on 5 August 2019. For details, please refer to the Company's announcement dated 5 August 2019.

Subsequent Events after the Reporting Period

Save as disclosed in this report, there is no material event undertaken by the Group subsequent to 30 June 2019 and up to the date of this report.

Prospect

Looking forward, China's economy remained within a reasonable range, and shall continue the overall stable and steady development trend going forward, while adhering to the supply-side structural reform as the main objective, insisting on promoting the coal industry to release high-quality production capacity, as well as balancing the supply and demand within the coal market, which is supported by a number of beneficial factors, as the price is maintained at a stable and rational state.

COMPLIANCE WITH THE CG CODE

Our Directors recognise the importance of good corporate governance in the management of our Group. The Company has adopted the code provisions set out in the CG Code as its own corporate governance framework.

During the Reporting Period, the Company complied with the code provisions as set out in the CG Code, save and except for the following code provision.

CHAIRMAN AND CHIEF EXECUTIVE

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive of the Company should be performed by separate individuals, but due to Mr. Xu Bo's background, qualifications and experience in the Company, he was considered the most suitable person to take up both roles in the current circumstances. The Board believes that it is appropriate and in the best interests of the Company that Mr. Xu Bo holds both positions at the current stage, as it helps to maintain the continuity, the stability and efficiency of the operations of the Company. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-calibre individuals including four independent non-executive Directors offering independent advice from different perspectives. In addition, major decisions are made after consultation with the Board and appropriate Board committee. The Board is therefore of the view that there are adequate balance and safeguards in place.

NON-COMPLIANCE WITH RULE 3.10(1) AND RULE 3.21 OF THE LISTING RULES

Pursuant to Rule 3.10(1) and Rule 3.21 of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and the majority of the audit committee members must be independent non-executive directors, with such committee chaired by an independent non-executive director and comprising of a minimum of three members.

Following the resignation of Mr. Fu Lui on 15 August 2019, as at the date of this interim report, the Board comprises three executive directors and two independent non-executive directors. The number of independent non-executive directors is therefore less than that required under Rule 3.10(1) of the Listing Rules. The Audit Committee comprises two independent non-executive directors and there is no chairman. The composition and chairman requirements under Rule 3.21 of the Listing Rules are therefore not satisfied.

The Company will seek suitable candidate(s) to fill the vacancies and expects replacements to be appointed within 3 months from 15 August 2019 pursuant to Rules 3.11 and 3.23 of the Listing Rules.

CHANGE IN DIRECTOR'S INFORMATION

With effect from 4 February 2019, Mr. Choy Wing Hang William resigned as an independent non-executive director of Cool Link (Holdings) Limited, a company listed on the Stock Exchange (stock code: 8491).

Save as disclosed in this report, there is no other changes in the director's information of the Company which requires disclosure under Rule 13.51B of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee together with the management have reviewed this report, including the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also reviewed the effectiveness of the financial control, internal control and risk management systems of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the global offering amounted to approximately HK$154.7 million (including the proceeds received pursuant to the partial exercise of the over-allotment option), and are intended to be used in the manner as set out in the Prospectus. As at 31 December 2018, a total of HK$89.2 million had been utilized, of which HK$77.4 million was used in acquisition of Anlang Syncline Coal Mine, HK$0.4 million was used as the capital expenditure of Tiziyan Coal Mine, and HK$11.5 million was used as working capital.

On 1 January 2019, the unutilized proceeds amounted to HK$65.49 million. No proceeds were utilized during the Reporting Period. The unused proceeds from the global offering (i.e. HK$65.49 million) will be applied as disclosed by the Group in the Prospectus, and is expected to be utilized upon obtaining the approval for all new coal mining procedures.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the following Directors of the Company had 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) The Company

Name of Director	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding Interest
Xu Bo [2]	Interest of controlled corporation; Interest of spouse	241,214,000 (L)	33.60%
Xiao Zhijun [3] [4]	Interest of controlled corporation	90,000,000 (L)	12.53%

Notes:

1. The letter "L" denotes long position in the Shares.
2. Pursuant to the declaration of trust dated 11 April 2016 executed by Ms. Dai Ling, being one of the Company's controlling shareholders and the spouse of Mr. Xu Bo, Ms. Dai Ling, as the sole legal owner of all the issued shares of Lavender Row Limited, holds the beneficial interest of all the issued shares of Lavender Row Limited in trust for the benefit of the family comprising Mr. Xu Bo, Ms. Dai Ling and their children ("**Xu Family**"). Accordingly, Mr. Xu Bo is deemed to be interested in the shares of the Company held by Lavender Row Limited by virtue of the SFO.
3. As the entire issued share capital of Noble Fox Holdings Limited is held by Mr. Xiao Zhijun, Mr. Xiao Zhijun is deemed to be interested in the Shares of the Company held by Noble Fox Holdings Limited under the SFO.
4. Noble Fox Holdings Limited has provided its interest in the 90,000,000 Shares of the Company as security to a person other than a qualified lender.

(ii) Associated Corporation

Lavender Row Limited

Name of Director	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding Interest
Xu Bo [2]	Beneficial owner; Interest of spouse	50,000 (L)	100%

Notes:

1. The letter "L" denotes long position in the Shares.

2. These Shares are held by Ms. Dai Ling in trust for the benefit of Xu Family including Mr. Xu Bo.

As at 30 June 2019, save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would otherwise be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, to the best of the knowledge of the Company and the Directors, the following persons (other than Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding Interest
Lavender Row Limited [2][4]	Beneficial owner	241,214,000 (L)	33.60%
Dai Ling [2]	Interest of controlled corporation; Interest of spouse	241,214,000 (L)	33.60%
CMB International Finance Limited [3][4]	Security interest in shares	143,600,000 (L)	20.00%
China Merchants Bank Co., Ltd. [3][4]	Interest of controlled corporation	143,600,000 (L)	20.00%
Hongyi Constructional Engineering Holdings Limited [5]	Beneficial owner	132,537,000 (L)	18.46%
Hezhang County Hongyi Construction Engineering Co., Ltd.* (赫章縣宏誼建築工程有限責任公司) [5]	Interest of controlled corporation	132,537,000 (L)	18.46%
	Beneficial owner	34,558,000 (L)	4.81%
The People's Government of Hezhang* (赫章縣人民政府) [5]	Interest of controlled corporation	167,095,000 (L)	23.27%
Noble Fox Holdings Limited [6]	Beneficial owner	90,000,000 (L)	12.53%

Notes:

1. The letter "L" denotes long position in the Shares.

2. Ms. Dai Ling is the sole legal owner of all the issued shares of Lavender Row Limited, holding such shares in trust for the benefit of Xu Family including her spouse, Mr. Xu Bo who is an executive Director and the chairman of the Company. Accordingly, Ms. Dai Ling is deemed to be interested in the Shares of the Company held by Lavender Row Limited by virtue of the SFO.

3. CMB International Finance Limited is wholly-owned by CMB International Capital Corporation Limited, which is wholly-owned by CMB International Capital Holdings Corporation Limited. China Merchants Bank Co., Ltd. has 83.20% of controlling interest in CMB International Capital Holdings Corporation Limited. Therefore, CMB International Capital Corporation Limited, CMB International Capital Holdings Corporation Limited and China Merchants Bank Co., Ltd. are deemed to be interested in 143,600,000 Shares of the Company under the SFO.

4. Lavender Row Limited has pledged its interest in 143,600,000 Shares as security to CMB International Finance Limited.

5. Hongyi Constructional Engineering Holdings Limited is wholly-owned by Hezhang County Hongyi Construction Engineering Co., Ltd.* (赫章縣宏誼建築工程有限責任公司) which in turn is wholly-owned by the People's Government of Hezhang (赫章縣人民政府). Therefore, the People's Government of Hezhang (赫章縣人民政府) is deemed to be interested in 167,095,000 Shares of the Company under the SFO.

6. Noble Fox Holdings Limited has provided its interest in the 90,000,000 shares of the Company as security to a person other than a qualified lender.

* *for identification purpose only*

As at 30 June 2019, save as disclosed above, the Company was not aware of any other person (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be entered in the register under section 336 of the SFO.

Summary of Mine Properties

The following table sets forth certain information relating to each of the Group's coal mines as at the date of this report:

	In commercial production Weishe Coal Mine	In commercial production Lasu Coal Mine	In commercial production Luozhou Coal Mine	Under development Tiziyan Coal Mine
Location (within Guizhou Province, the PRC)	Yutang village, Weishe Township, Hezhang County	Minxiang village, Liuquhe Township, Hezhang County	Shishan village, Luozhou Township, Hezhang County	Caomen Village, Huangni Township, Dafang County, Bijie City
Equity interest held by the Group	100%	100%	100%	100%
Date of initial/expected commercial production	23 October 2012	17 March 2014	17 February 2013	April 2019
Mining area (square kilometres)	1.9	4.8 *(Note 1)*	2.3	6.9
Number of mineable	5	4	5	6
Designed annual production capacity (tonnes)	450,000	450,000	450,000	900,000
Permitted annual production capacity under trial run (tonnes)	450,000	450,000	450,000	N/A
Permitted annual production capacity (tonnes) *(Note 1)*	450,000	300,000	450,000	450,000
Expiry date of the mining right	June 2026	April 2039	September 2036	January 2030
Reserve data (as at 31 December 2018) ***(Note 2)***				
Proved reserve (million tonnes)	6.434	5.751	0	8.9
Probable reserve (million tonnes)	2.0	5.0	14.272	34.1
Total proved and probable reserve (million tonnes)	8.434	10.751	14.272	43
Average coal quality of raw coal				
Moisture (%)	3-8	3-8	3-8	3-8
Ash content (%)	23	23	30	32
Volatile matter (%)	6.6	6.5	6.2	5.9
Sulphur (%)	0.6	0.7	1.1	2.2
Calorific value (MJ/kg)	27	27	24	22
Density (tonnes/m^3)	1.5	1.5	1.6	1.7
Reserve data (as at 30 June 2019) ***(Note 3)***				
Proved reserve (million tonnes)	6.269	5.584	0	8.9
Probable reserve (million tonnes)	2	5	14.113	34.1
Total proved and probable reserve (million tonnes)	8.269	10.584	14.113	43
Capital expenditure for the six months ended 30 June 2019 (RMB in millions)	0	0.43	0	0
Commercial production output for the six months ended 30 June 2019 (million tonnes) ***(Note 4)***	0.165	0.167	0.159	N/A

Notes:

(1) The annual production capacity in relation to relevant mining licences, of which Weishe Coal Mine has obtained the mining licence with permitted annual production capacity of 450,000 tonnes on 23 June 2016, Luozhou Coal Mine has obtained the mining licence with permitted annual production capacity of 450,000 tonnes on September 2016 and Lasu Coal Mine has obtained the mining licence with permitted annual production capacity of 450,000 tonnes as at the date of this report.

(2) The reserve data as of 31 December 2018 are provided by the Company's internal expert in accordance with the JORC Code.

(3) The reserve data as of 30 June 2019 has been adjusted by the proved reserve data and the probable reserve data as at 31 December 2018, after deducting the reserve data extracted from the mining activity between 1 January 2019 and 30 June 2019.

(4) The data of Ming activities of the Group as of 30 June 2019.

(5) There was no exploration and development activity for the Group during the Reporting Period, and that the Group has incurred RMB133.97 million, being the cost of sales, for the mining production activities for the six months ended 30 June 2019.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	3	**281,976**	310,659
Cost of sales		**(133,970)**	(140,366)
Gross profit		**148,006**	170,293
Other income		**2,034**	2,086
Net foreign exchange gain/(loss)		**41**	(165)
Distribution and selling expenses		**(1,833)**	(1,399)
Administrative expenses		**(12,091)**	(11,115)
Finance costs		**(7,165)**	(11,608)
Share of profit/(loss) of a joint venture		**82**	(134)
Profit before taxation		**129,074**	147,958
Income tax expense	4	**(33,869)**	(37,514)
Profit and total comprehensive income for the period	5	**95,205**	110,444
		RMB	RMB
Earnings per share			
Basic	7	**0.13**	0.15

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		257,710	264,640
Mining rights		850,148	858,975
Exploration right		288,000	288,000
Rehabilitation deposits		16,874	16,874
Interest in a joint venture		4,663	4,581
Prepaid lease payments - non-current portion		5,641	5,769
		1,423,036	1,438,839
Current assets			
Inventories		2,112	1,083
Prepaid lease payments - current portion		318	319
Trade and other receivables	8	2,718	2,142
Short-term bank deposits		—	50,000
Bank balances		228,308	139,245
		233,456	192,789
Current liabilities			
Trade and other payables	9	192,504	194,146
Contract liabilities		60	68
Tax payables		23,234	21,263
Bank borrowings - current portion	10	100,150	142,300
		315,948	357,777
Net current liabilities		(82,492)	(164,988)
Total assets less current liabilities		1,340,544	1,273,851
Capital and reserves			
Share capital		47,988	47,988
Reserves		1,237,034	1,141,829
Total equity		1,285,022	1,189,817
Non-current liabilities			
Provision for restoration and environmental costs		19,490	19,002
Bank borrowings - non-current portion	10	29,000	58,000
Deferred tax liabilities		7,032	7,032
		55,522	84,034
		1,340,534	1,273,851

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital	Share premium	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000
At 1 January 2018 (audited)	47,988	121,517	82,872	731,122	983,499
Profit and total comprehensive income for the period	—	—	—	110,444	110,444
Transfer to statutory reserve	—	—	11,593	(11,593)	—
At 30 June 2018 (unaudited)	47,988	121,517	94,465	829,973	1,093,943
At 1 January 2019 (audited)	**47,988**	**121,517**	**100,000**	**920,312**	**1,189,817**
Profit and total comprehensive income for the period	**—**	**—**	**—**	**95,205**	**95,205**
Transfer to statutory reserve	**—**	**—**	**—**	**—**	**—**
At 30 June 2019 (unaudited)	**47,988**	**121,517**	**100,000**	**1,015,517**	**1,285,022**

note: According to the relevant requirements in the memorandum of association of 貴州優能(集團)礦業股份有限公司 (Guizhou Union (Group) Mining Co. Ltd.) ("**Guizhou Union**"), a wholly owned subsidiary of the Company established in the People's Republic of China, a portion of its profits after taxation has to be transferred to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can be ceased when balance of the reserve reaches 50% of the registered capital of Guizhou Union. The reserve can be applied either to set off accumulated losses or to increase capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000 (unaudited)	RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	**115,515**	149,028
INVESTING ACTIVITIES		
Placement of short-term bank deposits	**(50,000)**	(50,000)
Purchase of an exploration right	**—**	(144,000)
Purchase of property, plant and equipment	**(430)**	(25)
Withdrawal of short-term bank deposits	**100,000**	50,000
Interest received	**1,250**	1,355
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**50,820**	(142,670)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(71,150)**	(71,150)
Interest paid on bank borrowings	**(6,122)**	(10,589)
NET CASH USED IN FINANCING ACTIVITIES	**(77,272)**	(81,739)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**89,063**	(75,381)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**139,245**	227,584
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances	**228,308**	152,203

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

At 30 June 2019, the Group had net current liabilities of approximately RMB82 million. In preparing the condensed consolidated financial statements, the Directors have carefully considered the future liquidity of the Group and concluded that the Group has sufficient working capital to meet in full its financial obligations as and when they fall due in the foreseeable future, after taking into account (i) the continuous operating cash inflows generated from the Group's business; (ii) the Group's capital expenditure plan for its future business development; and (iii) the availability of banking facilities, amounting to approximately RMB771 million. Accordingly, the Directors are satisfied that the adoption of the going concern basis in preparing the condensed consolidated financial statements is appropriate.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies which became first applicable during the current interim period and resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015 - 2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Adoption of new and amendments to above standards did not constitute any significant financial impact on the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

All revenues are generated in the People's Republic of China (the "**PRC**"). The following is an analysis of the Group's revenue in the reporting periods.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of anthracite coal	**281,976**	310,659

The sale of anthracite coal is recognised at point-in-time.

The management determines the operating segment based on the information reported to the Group's chief operating decision maker ("**CODM**"), being the executive directors of the Company. The CODM assesses the operating performance and allocates the resources of the Group as a whole, as the Group is primarily engaged in the extraction and sale of anthracite coal in the PRC. Accordingly, there is only one operating and reportable segment. All the principal assets employed by the Group are located in the PRC.

Segment assets and liabilities

Information regularly reported to the CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**33,869**	38,645
Deferred tax	**–**	(1,131)
	33,869	37,514

During the six months ended 30 June 2019 and 2018, the Group had no assessable profit subject to tax in any jurisdictions other than the PRC.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

No deferred taxation has been provided in respect of the undistributed earnings of the Group's PRC subsidiaries as the Directors of the Company consider that such earnings will not be distributed in the foreseeable future.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Amortisation of mining rights (capitalised in inventories)	**8,827**	9,378
Depreciation of property, plant and equipment	**7,360**	7,855
Capitalised in inventories	**(7,091)**	(7,601)
	269	254
Release of prepaid lease payments	**129**	159
Cost of inventories recognised as expenses	**133,970**	140,366
Bank interest income	**(1,250)**	(1,355)

6. DIVIDEND

No dividend was paid, declared or proposed for the six months ended 30 June 2019 and 2018 by the Directors.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**95,205**	110,444

	Six months ended 30 June	
	2019	2018
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**718,000,000**	718,000,000

No diluted earnings per share for the six months ended 30 June 2019 and 2018 was presented as there were no potential ordinary shares outstanding during both periods.

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Trade receivables	59	41
Deposits, prepayments and other receivables (note)	2,659	2,101
	2,718	2,142

Note: Included in other receivables as at 30 June 2019 and 31 December 2018 was an amount of RMB305,000 due from ultimate holding company, which is unsecured, interest-free and repayable on demand.

Before accepting any new customers, the Group assesses the customers' credit quality and reputation. This exercise is also performed on a regular basis by the Group. In general, the Group requests advance payments from customers before delivering the goods and no credit period is granted.

The following is an aged analysis of trade receivables, presented based on invoice dates which approximated the respective revenue recognition date, at the end of the Reporting Period:

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
0 - 30 days	59	41

9. TRADE AND OTHER PAYABLES

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Trade payables	5,457	4,587
Accruals for staff costs	12,866	14,329
Interests payables	17,142	16,586
Other payables and accruals	6,865	8,410
Other tax payables	13,673	13,733
Resources fees payable and accrual (note)	136,501	136,501
	187,047	189,559
	192,504	194,146

Note: Resources fees are charged by the PRC local government authority upon their approval to upgrade the Group's annual production capacity of the relevant coal mines and the payable amounts are determined based on the total coal reserves in the respective mining areas as assessed and approved by the authority. Included in the amounts are RMB29,055,000 as at 30 June 2019 and 31 December 2018 which carry interest at the Benchmark Lending Rate of the People's Bank of China and are payable on demand. The amount as at 30 June 2019 and 31 December 2018 also included an amount of RMB107,446,000 estimated and accrued by the management upon the PRC local government authority approving the upgrade of the annual production capacity of Lasu Coal Mine, Weishe Coal Mine and Luozhou Coal Mine in late 2015. Such accrual did not bear interest and the Group is in the process of finalising the actual resources fees to be paid and applying for deferring the payment and agreeing an instalment plan with the relevant authority. Up to the date of approval of these condensed consolidated financial statements, the approval is yet to obtain.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
0 - 30 days	5,457	4,587

The average credit period on purchase of goods is 30 days.

10. BANK BORROWINGS

During the Reporting Period, the Group repaid bank borrowings of approximately RMB71 million (six months ended 30 June 2018: RMB71 million). The borrowings carry interest at fixed market rates ranging from 5.50% to 6.60% (31 December 2018: ranging from 5.50% to 6.60%) per annum and are repayable within one to two years (31 December 2018: one to two years).