中国中煤能源股份有限公司
CHINA COAL ENERGY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code : 01898

INTERIM REPORT 2019

Contents

Note: In this report, unless otherwise indicated, all financial indicators are presented in RMB.

Chairman’s Statement

Dear Shareholders,

Since the beginning of this year, China’s economy has continuously pushed forward with the supply-side structural reform, strived to promote high-quality development, and maintained an overall stable and steady operation while making progress amid complex international and domestic situations. Based on the transformation and upgrading of the industry and the optimisation and adjustment of the layout structure, China Coal Energy has strengthened management, reform and innovation, promoted various tasks including production and operation, project construction, safety and environmental protection, and continued to maintain a good momentum of development.

China Coal Energy took various measures simultaneously to improve quality and efficiency, and thus its main indicators hit historical high as compared with the corresponding periods. Coal sales volume topped 100 million tonnes for the first time, up by 30.2% year-on-year. Operating revenue amounted to RMB61.03 billion, up by 21.3% year-on-year. Profit before income tax reached RMB8.45 billion, up by 25.7% year-on-year; net cash generated from operating activities amounted to RMB10.24 billion, up by 24.0% year-on-year. In addition, the production volume of commercial coal reached 50.56 million tonnes, up by 37.4% year-on-year. The output of polyolefin and urea were 737,000 tonnes and 997,000 tonnes respectively, maintaining a year-on-year increase. The production value of coal mining equipment was RMB4.31 billion, up by 24.9% year-on-year. Profit attributable to the equity holders of the Company amounted to RMB4.13 billion, up by 21.9% year-on-year. Ratio of profit to cost and expenses increased by 0.5 percentage points year-on-year, return on equity increased by 0.7 percentage points, and gearing ratio decreased by 0.6 percentage points as compared with that of the beginning of the year. With the continuous release of advanced production capacity of the Company, the sales volume of self-produced commercial coal keeps increasing, with product portfolio further optimized to achieve a significant increase in profitability.

China Coal Energy focused on its main business, accelerated its adjustment and further optimized its layout structure. The advanced production capacity of Muduchaideng Coal Mine and Nalin River No.2 Coal Mine were further released, contributing a profit before income tax of RMB1 billion during the first half of the year. Xiaohuigou Coal Mine with an annual output of 3 million tonnes of prime coking coal has been in good condition since its trial operation and will be put into production and operation in the fourth quarter. Libi Coal Mine with an annual output of 4 million tonnes of anthracite commenced construction, while Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal resumed construction. China Coal Energy optimized the layout of the coal market, tapped deep into the potential of the traditional coastal markets, consolidated the market share in Hubei, Hunan and along the Yangtze River, actively explored the southwest market, strove to develop purchased coal operations, actively organized quality supply of goods, spared no effort in coal blending to improve efficiency, and developed additional coal sales volume, all of which are done in preparation for the release of advanced production capacity in the future. By utilizing the synergies, the Company optimized the development of the coal chemical industry, while the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas is progressing smoothly as planned. Based on coal-power intergration in coal-rich areas, the economic scale of power generation business has grown following the commencement of operation of the 2×350MW thermal power plant in Shanghai Energy Company and two units of the 2×660MW power plant in Wucai Bay, Zhundong, Xinjiang. The newly-built 2×350MW and 2×660MW pit-mouth power plants of Pingshuo Company have been included in the first batch of national key projects of coal-power intergration, providing a strong assurance for promoting the Company’s integrated development of coal and power generation.

Chairman's Statement

China Coal Energy strengthened the management, deepened the enterprise reform, and actively promoted the innovation of systems and mechanisms. While focusing on high-quality development, the Company carried out in-depth reform on the income distribution system, optimized the control of total wages, simplified performance evaluation index, formulated special incentives for high-quality development, and established a high-quality development evaluation system and incentive and restraint mechanism in a manner to serve its strategic objectives. In addition, China Coal Energy accelerated the training of talents, optimized the personnel structure, promoted the quality of talents, and strengthened the building of the talent team, so as to enhance the vitality of the Company. The Company implemented "Double Hundred Action" plan thoroughly with Beijing Coal Mining Machinery Company as a pilot to carry out the market-oriented selection of management personnel. Also, the Company improved the management and control system, pushed forward the reforms that delegate power, improve regulation, and upgrade services so as to improve management efficiency. The Company continued to optimize the layout of the coal marketing network, orderly promoted regional coal business integration, transformation and upgrading, optimized the management system and organizational structure, and actively promoted the implementation of the integrated operation mechanism, so as to realize smooth coordination and efficient operation of coal production, transportation and sales.

China Coal Energy strengthened scientific and technological innovation, focused on building a Green China Coal, and further promoted safe, efficient, green and intelligent development of the Company. China Coal Energy carried out over 200 key scientific and technological projects and achieved further progress with respect to various key technologies. In addition, the Company made solid progress in the optimisation of coal mining and a number of safety science and technology projects, and played an important supporting role in, among others, the prevention and control of major disasters, risk management and control, and security. To improve the level of intelligence, the independently designed and developed Wangjialing Coal Mine intelligent working face was put into trial operation, the construction of Menkeqing Coal Mine intelligent working face was completed and put into operation, and the construction of many intelligent working faces such as Nalin River No.2 Coal Mine, Yaoqiao Coal Mine and 106 Coal Mine has been further advanced in an orderly manner. The Company deepened the integration of information and industrial technologies and achieved exceptional progress in the construction of coal chemical intelligent factories, while the advantages of the newly-built intelligent power plants were outstanding, and the digital financial platform was awarded with the honour of excellent project of the integration of information and industrial technologies in the coal industry. In addition, the Company strengthened the green mining and transformation of coal, continuously improved the ecological and environmental protection control system, continued to invest funds to carry out pollution prevention and ecological environment control. As a result, the emission of air pollutants decreased significantly and the ecological environment of the factories in the mining area was further improved, thereby making contributions to the nationwide battle of pollution prevention and control.

China Coal Energy persisted in tackling both the symptoms and root causes of safety issues, especially the underlying problems, maintained an improving safety record, and achieved safety production. By means of closely focusing on the risks of coal mine gas, water hazards, ceiling and coal chemical leakage, explosion and other risks, the security assurance was implemented at all levels, and business consultation and technical consultations were carried out level by level, effectively preventing and resolving major safety risks. The Company paid great attention to on-site management, continued to carry out safety supervision and inspection, "March Safety Warnings", "Production Safety Month" and other activities, in a timely manner to eliminate potential safety hazards. In addition, the Company strengthened infrastructure construction, organized and carried out the "Four Major Assurances Project" of system optimisation, equipment upgrading, quality enhancement and management improvement, thereby further improved the safety assurance capabilities.

Chairman's Statement

China Coal Energy adhered to achieving win-win harmony, actively performed social responsibilities and promoted coordinated development. Giving full play to the role of a state-owned enterprise, the Company actively promoted the implementation of long-term contracts, strengthened strategic cooperation, and thereby made contributions to the healthy development of coal and related industries and the stable operation of social economy. Furthermore, the Company actively participated in the construction of local projects, and facilitated a good environment for win-win cooperation, so as to promote regional economic development and jointly build a harmonious society. The Company earnestly implemented the decisions and arrangements for the national poverty alleviation campaign, carried out targeted poverty alleviation in various ways, and achieved positive results. During the first half of the year, the Company paid RMB7.27 billion of taxes, representing a year-on-year increase of 8.0%; realized a 39.4% year-on-year increase in profit attributable to non-controlling interests; and recorded a social contribution of RMB1.51 per share. Moreover, the Company strengthened the management of equity investment companies, while giving full play to the role of shareholders and actively participating in corporate governance, as a result of which share of profits of associates and joint ventures increased by 67.7% year-on-year.

The Company's good performance during the first half of the year has laid a solid foundation for the completion of the annual production and operation targets. The economic situation at home and abroad in the second half of the year is still complex and grim as the instability and uncertainties have increased significantly. From the perspective of the coal market, the demand for coal has increased slightly, the advanced production capacity has been released continuously, and the overall supply and demand of coal have remained balanced. However, the growth rate of coal consumption has slowed down, and the market situation does not give rise to much optimism as coal prices are facing downturn pressure. At the same time, we also see that as a series of positive national policies are implemented successively, the effects of supply-side structural reforms will gradually emerge. Cutting taxes and fees will promote consumption upgrading, and increased investment will stimulate economic growth, and consequently during the second half of the year, the country will still face a relatively better policy environment and market space. We firmly believe that under the strong leadership of the Party Central Committee with Comrade Xi Jinping at the core, China's economic boat will surely ride the waves and make steady progress. We have the conditions, confidence and ability to successfully fulfil the annual business objectives and promote the high-quality development of the Company.

In the second half of the year, we will continue to adhere to the general tone of seeking progress while maintaining stability, adhere to the clear-cut direction of high-quality development with a more solid style of work, a more pragmatic attitude and a more inspiring spirit, go all out, work hard, focus on safety in production, strive to expand the sales volume, continue to deepen reform and adjustment, continue to push forward with scientific and technological innovations, vigorously promote transformation and upgrading, continue to move forward steadily while focusing on building a world-class energy enterprise with global competitiveness, so as to celebrate the 70th anniversary of the founding of New China with outstanding achievements!

Li Yanjiang
Chairman
Beijing, the PRC
23 August 2019

Management Discussion and Analysis of Financial Conditions and Operating Results

The following discussion and analysis should be read in conjunction with the Group's reviewed financial statements and the notes thereto. The Group's interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

I. OVERVIEW

In the first half of 2019, in the face of complex domestic and international economic situations, the market changes such as the overall declining price of thermal coal and significant drop of the price of coal chemical products, the Group focused on improving its product quality, operational efficiency and core competitiveness with the aim of optimizing its industrial structure and enhancing effectiveness of transformation and upgrading, while further advancing its reform and innovation, continuing to strengthen coordination of production and marketing, actively expanding its market share and strengthening risk management and control, with which its major operating indicators including revenue, profit before income tax, operating cash flow and coal sales all hit a record high and its financial stability was further enhanced.

Unit: RMB100 million

	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	**Increase/decrease**	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**610.32**	503.18	107.14	21.3
Profit before income tax	**84.51**	67.24	17.27	25.7
EBITDA	**141.00**	111.11	29.89	26.9
Profit attributable to the equity holders of the Company	**41.26**	33.85	7.41	21.9
Net cash generated from operating activities	**102.41**	82.61	19.80	24.0

Unit: RMB100 million

	As at 30 June 2019	As at 31 December 2018 (restated)	**Increase/decrease**	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,718.28**	2,642.73	75.55	2.9
Liabilities	**1,562.30**	1,537.73	24.57	1.6
Interest-bearing debts	**994.42**	973.61	20.81	2.1
Equity	**1,155.98**	1,105.00	50.98	4.6
Equity attributable to the equity holders of the Company	**949.64**	919.51	30.13	3.3
Gearing ratio (%) = [total interest-bearing debts/(total interest-bearing debts + equity)]	**46.2**	46.8	A decrease of 0.6 percentage points	

Management Discussion and Analysis of Financial Conditions and Operating Results

II. OPERATING RESULTS

(1) Consolidated operating results

Benefiting from the industrial structure optimisation, transformation and upgrading, the gradual release of its advanced coal production capacity, the continuous expansion in the scale of proprietary coal trading, the chemical facilities' stable and effective operation, the increased orders for coal mining equipment and other factors, the Group recorded a significant boost to its operating results and further improvement in product quality and operational efficiency.

Unit: RMB100 million

	For the six months ended 30 June 2019 (before netting of inter-segmental sales)			**Increase/decrease in amount**		
	Revenue	**Cost of sales**	**Gross profit**	Revenue	Cost of sales	Gross profit
Coal operations	**484.81**	**392.75**	**92.06**	94.74	81.77	12.97
Coal chemical operations	**94.07**	**77.58**	**16.49**	7.93	8.03	-0.10
Coal mining equipment operations	**41.20**	**36.06**	**5.14**	8.10	7.01	1.09
Financial operations	**5.43**	**1.67**	**3.76**	5.43	1.65	3.78
Other operations	**23.37**	**23.36**	**0.01**	6.50	5.19	1.31
Inter-segment elimination	**-38.56**	**-36.85**	**-1.71**	-15.56	-13.80	-1.76
The Group	**610.32**	**494.57**	**115.75**	107.14	89.85	17.29

Note: In view of the development of its financial operations, the Group has singled it out as an independent business segment and separately disclosed such information as the revenue and costs of sales in the management's discussion and analysis of the Group's financial conditions and operating results as well as the business performance since 2019, as an effort to facilitate the financial statement users' understanding of the performance of various business segments.

Management Discussion and Analysis of Financial Conditions and Operating Results

1. *Revenue*

For the six months ended 30 June 2019, the Group's revenue increased from RMB50.318 billion for the six months ended 30 June 2018 to RMB61.032 billion, representing an increase of RMB10.714 billion or 21.3%, which was mainly due to the expansion of sales scale of the Group's major products offsetting the impact of the decrease in market prices, as well as the year-on-year increase in the sales revenue net of inter-segmental sales from coal, coal chemical and other operations of RMB8.749 billion, RMB631 million, RMB465 million and RMB506 million, respectively. For the six months ended 30 June 2019, revenue net of inter-segmental sales from financial operations was RMB363 million.

Revenue net of inter-segmental sales from each operating segment of the Group for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		**Increase/decrease**	
	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**460.69**	373.20	87.49	23.4
Coal chemical operations	**92.16**	85.85	6.31	7.4
Coal mining equipment operations	**35.06**	30.41	4.65	15.3
Financial operations	**3.63**	–	3.63	–
Other operations	**18.78**	13.72	5.06	36.9
The Group	**610.32**	503.18	107.14	21.3

The proportion of revenue net of inter-segmental sales generated from each operating segment of the Group in the Group's total revenue for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

	Proportion of revenue net of inter-segmental sales (%)		
	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**75.5**	74.2	1.3
Coal chemical operations	**15.1**	17.1	-2.0
Coal mining equipment operations	**5.7**	6.0	-0.3
Financial operations	**0.6**	–	0.6
Other operations	**3.1**	2.7	0.4

2. Cost of sales

For the six months ended 30 June 2019, the Group's cost of sales increased by 22.2% from RMB40.472 billion for the six months ended 30 June 2018 to RMB49.457 billion, which was mainly due to an increase in the production of self-produced commercial coal as a result of the release of advanced coal production capacity, as well as the expansion in the sales scale of proprietary coal trading of the Group, which resulted in a year-on-year increase of RMB8.177 billion in the cost of sales of its coal business. The changes in the major items of the Group's cost of sales are analysed as follows:

Materials used and goods traded costs increased by 16.1% from RMB25.591 billion for the six months ended 30 June 2018 to RMB29.706 billion, which was attributable to, among others, the increase in the production and sales scale of the Group's major business segments such as coal, coal chemical and coal mine equipment, an increase in materials required to strengthen and guarantee safety production and a year-on-year increase in the purchase price of certain materials, all of which led to an increase in the cost of material consumption and trade of goods.

Staff costs increased by 11.5% from RMB2.112 billion for the six months ended 30 June 2018 to RMB2.354 billion, which was mainly attributable to, among others, the fact that certain construction projects of the Group were successively put into production in the fourth quarter of 2018, as well as the Group's adjustments to the salaries of its employees in consideration of its operating results, all of which led to an increase in staff costs.

Depreciation and amortisation costs increased by 44.8% from RMB3.201 billion for the six months ended 30 June 2018 to RMB4.636 billion, which was mainly attributable to the fact that certain construction projects and technological innovation projects of the Group were gradually put into production assets, which led to an increase in the depreciation and amortisation costs.

Repairs and maintenance costs increased by 9.4% from RMB682 million for the six months ended 30 June 2018 to RMB746 million, which was mainly attributable to the Group strengthening the daily repairs and maintenance of its equipment, which led to an increase in the repairs and maintenance costs.

Transportation costs and port expenses increased by 32.0% from RMB4.785 billion for the six months ended 30 June 2018 to RMB6.317 billion, which was mainly attributable to the increase in sales volume of coal that bears the railroad transportation costs and port expenses as a result of the expansion of the Group's coal sales scale.

Sales taxes and surcharges increased by 35.3% from RMB1.345 billion for the six months ended 30 June 2018 to RMB1.820 billion, which was mainly attributable to the increase in the sales revenue of the Group's self-produced commercial coal, which led to a year-on-year increase in resource taxes.

Outsourcing mining engineering fees increased by 127.0% from RMB721 million for the six months ended 30 June 2018 to RMB1.637 billion, which was mainly attributable to the expansion of coal production scale and enhanced continuous production capacity leading to the increase in outsourcing mining engineering fee.

Other costs increased by 10.1% from RMB2.035 billion for the six months ended 30 June 2018 to RMB2.241 billion, which was mainly attributable to the increase in expenses such as related miscellaneous engineering expenditure and auxiliary production expenses resulting from the expansion of the Group's production scale.

3. Gross profit and gross profit margin

For the six months ended 30 June 2019, the Group's gross profit increased by 17.6% from RMB9.846 billion for the six months ended 30 June 2018 to RMB11.575 billion; the integrated gross profit margin decreased by 0.6 percentage points from 19.6% for the six months ended 30 June 2018 to 19.0%, which was mainly attributable to the decrease in the price of self-produced commercial coal and the increase in unit cost of sales, which led to a year-on-year decrease in the gross profit margin of the Group's coal operations by 1.3 percentage points, and the decrease in the price of the Group's major coal chemical products, which led to a year-on-year decrease in the gross profit margin of the coal chemical operations segment by 1.8 percentage points.

The gross profit and gross profit margin from each operating segment of the Group for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Gross profit			**Gross profit margin (%)**		
	For the six months ended 30 June 2019	For the six months ended 30 June 2018 (restated)	Increase/ decrease (%)	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**92.06**	79.09	16.4	**19.0**	20.3	-1.3
Self-produced commercial coal	**89.13**	76.47	16.6	**34.9**	40.6	-5.7
Proprietary coal trading	**2.43**	2.11	15.2	**1.1**	1.1	–
Coal chemical operations	**16.49**	16.59	-0.6	**17.5**	19.3	-1.8
Coal mining equipment operations	**5.14**	4.05	26.9	**12.5**	12.2	0.3
Financial operations	**3.76**	-0.02	–	**69.2**	–	–
Other operations	**0.01**	-1.30	–	**0.0**	-7.7	7.7
The Group	**115.75**	98.46	17.6	**19.0**	19.6	-0.6

Note: The above gross profit and gross profit margin of each operating segment are figures before netting of inter-segmental sales.

(2) Operating results of segments

1. Coal Operations

The release of the advanced production capacity of the Group's self-owned coal mines led to an increase in the production and sales volume of self-produced commercial coal, and the further expansion in the market of purchased and exported coal resulted in a significant year-on-year increase in the revenue, cost of sales and gross profit of the Group's coal operations.

- *Revenue*

Revenue from the coal operations of the Group was mainly generated from sales of coal produced from self-owned coal mines and coal washing plants (sales of self-produced commercial coal) to domestic and overseas customers. In addition, the Group also purchased coal from external enterprises for resale to customers (sales of proprietary coal trading) and engaged in coal import and export and domestic agency services.

For the six months ended 30 June 2019, the revenue from coal operations of the Group increased from RMB39.007 billion for the six months ended 30 June 2018 to RMB48.481 billion, representing an increase of 24.3%. Revenue net of inter-segmental sales increased from RMB37.320 billion for the six months ended 30 June 2018 to RMB46.069 billion, representing an increase of 23.4%.

For the six months ended 30 June 2019, the revenue from sales of the self-produced commercial coal of the Group increased by 35.3% from RMB18.856 billion for the six months ended 30 June 2018 to RMB25.521 billion, which was mainly attributable to the year-on-year increase of 14.30 million tonnes in the sales volume and RMB7.429 billion in the sales revenue of self-produced commercial coal; the year-on-year decrease of RMB16/tonne in the weighted average sales price led to a decrease of RMB764 million in the revenue of self-produced commercial coal. Revenue net of inter-segmental sales increased by 31.5% from RMB18.678 billion for the six months ended 30 June 2018 to RMB24.568 billion.

For the six months ended 30 June 2019, the revenue from sales of proprietary coal trading of the Group increased by 14.2% from RMB19.914 billion for the six months ended 30 June 2018 to RMB22.740 billion, which was mainly attributable to the year-on-year increase of 10.29 million tonnes in the sales volume and RMB5.258 billion in the revenue from sales of proprietary coal trading; the year-on-year decrease of RMB49/tonne in the weighted average sales price led to a decrease of RMB2.432 billion in the revenue from sales of proprietary coal trading. Revenue net of inter-segmental sales increased by 15.6% from RMB18.434 billion for the six months ended 30 June 2018 to RMB21.312 billion.

For the six months ended 30 June 2019, revenue from coal agency operations of the Group decreased from RMB24 million for the six months ended 30 June 2018 to RMB14 million, representing a decrease of RMB10 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

The Group's coal sales volume and selling prices for the six months ended 30 June 2019 and the year-on-year changes before netting of inter-segmental sales are set out as follows:

			Increase/decrease							
			For the six months ended 30 June 2019		For the six months ended 30 June 2018		Increase/decrease in amount		Increase/decrease	
			Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
I.	Self-produced commercial coal	Total	**5,059**	**504**	3,629	520	1,430	-16	39.4	-3.1
		(I) Thermal coal	**4,477**	**438**	3,175	451	1,302	-13	41.0	-2.9
		1. Domestic sale	**4,469**	**438**	3,175	451	1,294	-13	40.8	-2.9
		2. Export	**8**	**598**	☆	☆	8	–	–	–
		(II) Coking coal	**582**	**1,015**	454	997	128	18	28.2	1.8
		Domestic sale	**582**	**1,015**	454	997	128	18	28.2	1.8
II.	Proprietary coal trading	Total	**4,927**	**462**	3,898	511	1,029	-49	26.4	-9.6
		(I) Domestic resale	**4,884**	**460**	3,885	508	999	-48	25.7	-9.4
		(II) Self-operated exports*	**14**	**1,258**	11	1,547	3	-289	27.3	-18.7
		(III) Import trading	**29**	**417**	2	656	27	-239	–	-36.4
III.	Import and export and domestic agency★	Total	**329**	**4**	398	6	-69	-2	-17.3	-33.3
		(I) Import agency	**45**	**4**	19	5	26	-1	136.8	-20.0
		(II) Export agency	**86**	**8**	132	8	-46	–	-34.8	–
		(III) Domestic agency	**198**	**3**	247	5	-49	-2	-19.8	-40.0

☆: N/A for the period.
*: Briquette export.
★: Selling price is agency service fee.

Note: Sales volume of the commercial coal includes the amount of inter-segmental self-consumption volume within the Group, which was 6.82 million tonnes for the period and 4.96 million tonnes for the same period last year.

- *Cost of sales*

For the six months ended 30 June 2019, cost of sales for the Group's coal operations increased from RMB31.098 billion for the six months ended 30 June 2018 to RMB39.275 billion, representing an increase of 26.3%, which was mainly attributable to the significant increase in the sales volume of proprietary coal trading. The composition of the cost of sales of the Group's coal operations and its year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the six months ended 30 June 2019**	**Percentage (%)**	For the six months ended 30 June 2018 (restated)	Percentage (%)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**31.44**	**8.0**	17.08	5.5	14.36	84.1
Proprietary coal trading cost☆	**212.38**	**54.1**	186.35	59.9	26.03	14.0
Staff costs	**15.17**	**3.9**	12.78	4.1	2.39	18.7
Depreciation and amortisation	**27.43**	**7.0**	17.47	5.6	9.96	57.0
Repairs and maintenance	**4.10**	**1.0**	4.06	1.3	0.04	1.0
Transportation costs and port expenses	**57.73**	**14.7**	42.94	13.8	14.79	34.4
Sales taxes and surcharges	**16.22**	**4.1**	11.49	3.7	4.73	41.2
Outsourcing mining engineering fees	**16.37**	**4.2**	7.21	2.3	9.16	127.0
Other costs★	**11.91**	**3.0**	11.60	3.8	0.31	2.7
Total cost of sales for coal operations	**392.75**	**100.0**	310.98	100.0	81.77	26.3

☆: This cost does not include transportation costs related to proprietary coal trading. Such transportation costs amounted to RMB1.259 billion for the period and RMB1.068 billion for the same period of last year.

★: Other costs include the expenses related to environmental restoration and governance arising from the coal mining, and the expenditures charged to the cost for the small and medium projects directly related to coal production.

The composition of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the six months ended 30 June 2019**	**Percentage (%)**	For the six months ended 30 June 2018	Percentage (%)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**62.14**	**18.9**	47.06	15.2	15.08	32.0
Staff costs	**29.98**	**9.1**	35.21	11.4	-5.23	-14.9
Depreciation and amortisation	**54.21**	**16.5**	48.13	15.6	6.08	12.6
Repairs and maintenance	**8.10**	**2.5**	11.17	3.6	-3.07	-27.5
Transportation costs and port expenses	**89.23**	**27.2**	88.90	28.8	0.33	0.4
Sales taxes and surcharges	**32.07**	**9.8**	31.60	10.2	0.47	1.5
Outsourcing mining engineering fees	**32.36**	**9.8**	19.87	6.4	12.49	62.9
Other costs	**20.19**	**6.2**	26.94	8.8	-6.75	-25.1
Total unit cost of sales of self-produced commercial coal	**328.28**	**100.0**	308.88	100.0	19.40	6.3

For the six months ended 30 June 2019, the Group's unit cost of sales of self-produced commercial coal increased by RMB19.40/tonne year-on-year to RMB328.28/tonne, representing an increase of 6.3%, which was mainly attributable to the increase in the unit outsourcing mining engineering fees and costs of materials due to the increase in the mining engineering volume and materials consumed as the Group increased its efforts to strip the open-pit mines and excavate the underground mines in accordance with the needs of continuous production. In the second half of 2018, certain infrastructure and technological innovation projects were gradually put into production, which led to an increase in the unit costs of depreciation and amortisation. The decrease in unit staff cost, repairs and maintenance and other costs is mainly attributable to the dilutive effect of the release of advanced production capacity resulting in the increase in the production of self-produced commercial coal.

- *Gross profit and gross profit margin*

For the six months ended 30 June 2019, the gross profit of the Group's coal operations increased by 16.4% from RMB7.909 billion for the six months ended 30 June 2018 to RMB9.206 billion; the gross profit margin decreased by 1.3 percentage points from 20.3% for the six months ended 30 June 2018 to 19.0%, which was mainly attributable to the decrease in the price of self-produced commercial coal and increase in the unit cost of sales, which caused the gross profit margin of the Group's self-produced commercial coal to decrease by 5.7 percentage points from 40.6% for the six months ended 30 June 2018 to 34.9%.

2. Coal Chemical Operations

The coal chemical enterprises of the Group maintained stable and effective production and operation, continued to promote differentiated production and new product development, strengthened cost control, improved product profitability, and actively responded to the market downturn.

- *Revenue*

For the six months ended 30 June 2019, the revenue from coal chemical operations of the Group increased from RMB8.614 billion for the six months ended 30 June 2018 to RMB9.407 billion, representing an increase of 9.2%. Revenue net of inter-segmental sales increased from RMB8.585 billion for the six months ended 30 June 2018 to RMB9.216 billion, representing an increase of 7.4%, which was mainly due to the year-on-year increase of sales volume of products such as urea and methanol as well as the commencement of production and operation of Low Quality Coal Comprehensive Utilization Project.

The sales volume and selling price of the major coal chemical products of the Group for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

	For the six months ended 30 June 2019		For the six months ended 30 June 2018		**Increase/decrease** Increase/decrease in amount		Increase/decrease	
	Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
I. Polyolefin	**72.8**	**7,443**	73.0	7,946	-0.2	-503	-0.3	-6.3
Polyethylene	**38.0**	**7,316**	36.2	8,204	1.8	-888	5.0	-10.8
Polypropylene	**34.8**	**7,582**	36.8	7,693	-2.0	-111	-5.4	-1.4
II. Urea	**128.6**	**1,826**	103.6	1,799	25.0	27	24.1	1.5
III. Methanol	**37.8**	**1,581**	28.9	2,107	8.9	-526	30.8	-25.0
Inter-segment self-consumption volume◆	**31.5**	**1,561**	26.4	2,072	5.1	-511	19.3	-24.7
External sales	**6.3**	**1,686**	2.5	2,466	3.8	-780	152.0	-31.6

◆ : The amount of inter-segment self-consumption volume represents the supply of methanol by China Coal Yuanxing Company and China Coal Shaanxi Company to Mengda Chemical Company and Ordos Energy Chemical Company.

- *Cost of sales*

For the six months ended 30 June 2019, cost of sales for the coal chemical operations of the Group increased from RMB6.955 billion for the six months ended 30 June 2018 to RMB7.758 billion, representing an increase of 11.5%, which was mainly due to the year-on-year increase of sales volume of products such as urea and methanol as well as the Low Quality Coal Comprehensive Utilization Project being put into operation. The composition of the cost of sales for the Group's coal chemical operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the six months ended 30 June 2019**	**Percentage (%)**	For the six months ended 30 June 2018	Percentage (%)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**45.86**	**59.1**	42.94	61.7	2.92	6.8
Staff costs	**3.66**	**4.7**	3.13	4.5	0.53	16.9
Depreciation and amortisation	**14.87**	**19.2**	11.00	15.8	3.87	35.2
Repairs and maintenance	**2.41**	**3.1**	2.25	3.2	0.16	7.1
Transportation costs and port expenses	**5.00**	**6.5**	4.49	6.5	0.51	11.4
Sales taxes and surcharges	**1.42**	**1.8**	1.42	2.0	–	–
Other costs	**4.36**	**5.6**	4.32	6.3	0.04	0.9
Total cost of sales for coal chemical operations	**77.58**	**100.0**	69.55	100.0	8.03	11.5

The cost of sales of the major coal chemical products of the Group for the six months ended 30 June 2019 and the year-on-year changes are set out as follows:

	Cost of sales (RMB100 million)			Unit cost of sales (RMB/tonne)		
Item	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018	Increase/ decrease in amount	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018	Increase/ decrease in amount
Polyolefin	**44.16**	48.57	-4.41	**6,068**	6,657	-589
Polyethylene	**23.32**	24.12	-0.80	**6,141**	6,674	-533
Polypropylene	**20.84**	24.45	-3.61	**5,987**	6,640	-653
Urea	**16.64**	13.00	3.64	**1,294**	1,255	39
Methanol	**5.53**	4.73	0.80	**1,463**	1,637	-174

For the six months ended 30 June 2019, the cost of sales of the Group's polyolefin was RMB4.416 billion, representing a year-on-year decrease of RMB441 million; unit cost of sales was RMB6,068/tonne, representing a year-on-year decrease of RMB589/tonne, which was mainly attributable to the impact of the Group's tightened cost control and the decreased purchasing prices of methanol. The cost of sales of urea was RMB1.664 billion, representing a year-on-year increase of RMB364 million; the unit cost of sales of urea was RMB1,294/tonne, representing a year-on-year increase of RMB39/tonne. The cost of sales of methanol was RMB553 million, representing a year-on-year increase of RMB80 million; the unit cost of sales of methanol was RMB1,463/tonne, representing a year-on-year decrease of RMB174/tonne, which was mainly attributable to the improvement in the operation of methanol facilities, resulting in increased production volume and lowered unit consumption volume.

- *Gross profit and gross profit margin*

For the six months ended 30 June 2019, the gross profit of the Group's coal chemical operations decreased from RMB1.659 billion for the six months ended 30 June 2018 to RMB1.649 billion, representing a decrease of 0.6%; and the gross profit margin decreased from 19.3% for the six months ended 30 June 2018 to 17.5%, representing a decrease of 1.8 percentage points, which was mainly due to the price fall of coal chemical products.

3. Coal Mining Equipment Operations

The Group continuously improved its innovation capabilities of coal mining equipment operations, drove the transformation and upgrade of the products with technological innovation and therefore further enhanced the competitiveness and profitability of its products.

- *Revenue*

For the six months ended 30 June 2019, the Group's revenue from the coal mining equipment operations increased from RMB3.310 billion for the six months ended 30 June 2018 to RMB4.120 billion, representing an increase of 24.5%, of which the revenue net of inter-segmental sales increased from RMB3.041 billion for the six months ended 30 June 2018 to RMB3.506 billion, representing an increase of 15.3%, which was mainly due to the increase in sales volume of coal mining equipment.

- *Cost of sales*

For the six months ended 30 June 2019, the Group's cost of sales for the coal mining equipment operations increased from RMB2.905 billion for the six months ended 30 June 2018 to RMB3.606 billion, representing an increase of 24.1%. The composition of the Group's cost of sales for the coal mining equipment operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the six months ended 30 June 2019**	**Percentage (%)**	For the six months ended 30 June 2018 (restated)	Percentage (%)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**26.03**	**72.2**	21.21	73.0	4.82	22.7
Staff costs	**2.63**	**7.3**	2.73	9.4	-0.10	-3.7
Depreciation and amortisation	**1.76**	**4.9**	1.54	5.3	0.22	14.3
Repairs and maintenance	**0.33**	**0.9**	0.14	0.5	0.19	135.7
Transportation costs	**0.70**	**1.9**	0.56	1.9	0.14	25.0
Sales taxes and surcharges	**0.22**	**0.6**	0.14	0.5	0.08	57.1
Other costs	**4.39**	**12.2**	2.73	9.4	1.66	60.8
Total cost of sales for coal mining equipment operations	**36.06**	**100.0**	29.05	100.0	7.01	24.1

- *Gross profit and gross profit margin*

  For the six months ended 30 June 2019, the gross profit of the Group's coal mining equipment operations increased from RMB405 million for the six months ended 30 June 2018 to RMB514 million, representing an increase of 26.9%; and the gross profit margin increased from 12.2% for the six months ended 30 June 2018 to 12.5%, representing an increase of 0.3 percentage points.

4. Financial Operations

The Group's financial operations relied on China Coal Finance Company as the main support, and applied advanced budget management system and information management technology to provide financial services such as deposits, loans and bill discounting for the members of China Coal Group, aiming to fully realize the benefits of intensive management of the Company's capital by applying placement of interbank deposits and other financial measures. For the six months ended 30 June 2019, revenue of financial operations of the Group, revenue net of inter-segmental sales, cost of sales, gross profit and gross profit margin was RMB543 million, RMB363 million, RMB167 million, RMB376 million and 69.2%, respectively.

5. Other Operations

Other operations of the Group mainly include thermal power generation, aluminum processing, import of equipment and accessories, bidding services and railway transportation. For the six months ended 30 June 2019, the revenue from other operations of the Group increased from RMB1.687 billion for the six months ended 30 June 2018 to RMB2.337 billion, representing an increase of 38.5%. Revenue net of inter-segmental sales increased from RMB1.372 billion for the six months ended 30 June 2018 to RMB1.878 billion, representing an increase of 36.9%. Cost of sales increased from RMB1.817 billion for the six months ended 30 June 2018 to RMB2.336 billion, representing an increase of 28.6%. Gross profit increased by RMB131 million from RMB-130 million for the six months ended 30 June 2018 to RMB1 million, and gross profit margin increased from -7.71% for the six months ended 30 June 2018 to 0.04%, representing an increase of 7.75 percentage points.

(3) Selling, general and administrative expenses

For the six months ended 30 June 2019, the Group's selling, general and administrative expenses increased from RMB2.297 billion for the six months ended 30 June 2018 to RMB2.393 billion, representing an increase of 4.2%, which was mainly due to the year-on-year increase in research and development expenses.

(4) Other gains and losses

For the six months ended 30 June 2019, other gains and losses of the Group increased from RMB23 million for the six months ended 30 June 2018 to RMB56 million, representing an increase of RMB33 million.

(5) Profit From Operations

For the six months ended 30 June 2019, the Group's profit from operations increased from RMB7.565 billion for the six months ended 30 June 2018 to RMB9.236 billion, representing an increase of 22.1%. Profits from operations for each operating segment of the Group and the year-on-year changes are as follows:

Unit: RMB100 million

Item	**For the six months ended 30 June 2019**	For the six months ended 30 June 2018 (restated)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
The Group	**92.36**	75.65	16.71	22.1
Of which: Coal operations	**77.62**	65.23	12.39	19.0
Coal chemical operations	**13.34**	13.68	-0.34	-2.5
Coal mining equipment operations	**1.65**	0.86	0.79	91.9
Financial operations	**3.56**	0.01	3.55	–
Other operations	**-1.46**	-2.74	1.28	-46.7

Note: The above profits from operations for each operating segment are figures before netting of inter-segmental sales.

(6) Finance income and finance costs

For the six months ended 30 June 2019, the Group's net finance costs increased by 32.2% from RMB1.754 billion for the six months ended 30 June 2018 to RMB2.318 billion, which was mainly attributable to, among others, the effect that certain in-construction projects of the Group was put into production whereby the relevant interest expenses were ceased to be capitalized.

(7) Share of profits of associates and joint ventures

For the six months ended 30 June 2019, the Group's share of profits of associates and joint ventures increased by 67.7% from RMB914 million for the six months ended 30 June 2018 to RMB1.533 billion, which was mainly attributable to the Group's cooperation with the shareholders of other parties to leverage their respective advantages to strengthen the management of the associates and joint ventures, resulting in a year-on-year increase in the profits of the associates and joint ventures, as well as the Group's share of profits of associates and joint ventures recognized in accordance with its shareholding.

(8) Profit before income tax

For the six months ended 30 June 2019, the profit before income tax of the Group increased from RMB6.724 billion for the six months ended 30 June 2018 to RMB8.451 billion, representing an increase of 25.7%.

(9) Income tax expenses

For the six months ended 30 June 2019, the Group's income tax expenses increased from RMB1.653 billion for the six months ended 30 June 2018 to RMB1.974 billion, representing an increase of 19.4%.

(10) Profit attributable to equity holders of the Company

For the six months ended 30 June 2019, the profit attributable to the equity holders of the Company increased from RMB3.385 billion for the six months ended 30 June 2018 to RMB4.126 billion, representing an increase of 21.9%.

III. CASH FLOW

As at 30 June 2019, the balance of the Group's cash and cash equivalents amounted to RMB11.362 billion, representing a net increase of RMB2.990 billion as compared to RMB8.372 billion as at 31 December 2018.

Net cash generated from operating activities increased by RMB1.980 billion from RMB8.261 billion for the six months ended 30 June 2018 to RMB10.241 billion, which was mainly attributable to the year-on-year increase in net cash generated from operating activities of the Group, as a result of the year-on-year growth in operating results of the Group, the further refinement of capital management and the implementation of all-round and comprehensive control and management on the proportion of working capital.

Net cash utilized in investing activities decreased by RMB355 million from RMB6.692 billion for the six months ended 30 June 2018 to RMB6.337 billion, which was mainly attributable to the year-on-year decrease in cash payment of RMB1.344 billion for the investments of in-construction projects and for the capital expenditure such as purchase of fixed assets; the year-on-year increase of RMB480 million in cash outflow generated from the movement of fixed term deposits with initial terms exceeding three months resulted from the enhancement of refined management; and the year-on-year decrease of RMB300 million in cash inflow from recovery of entrusted loans due and other factors.

Net cash generated from financing activities decreased by RMB2.719 billion from RMB1.805 billion for the six months ended 30 June 2018 to RMB-914 million, which was mainly attributable to the year-on-year decrease in the net increase amount from debt financing.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2019, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical, coal mining equipment and power generation operations, repayment of debts payable by the Group, and as the Group's working capital and general recurring expenditures.

During the reporting period, the Group has repaid the loans as well as the principal and interests of the bonds when they become due. No overdue or default has occurred.

The cash generated from the Group's operation, net proceeds from share offering in the international and domestic capital markets, relevant banking facilities obtained and the issue amount of bonds approved but not utilised will provide sufficient capital funds for future production and operating activities as well as project construction.

V. ASSETS AND LIABILITIES

(1) Property, plant and equipment

As at 30 June 2019, the net value of property, plant and equipment of the Group amounted to RMB132.867 billion, representing a net increase of RMB785 million or 0.6% as compared to RMB132.082 billion as at 31 December 2018, among which, the net value of buildings was RMB38.896 billion, accounting for 29.3%; that of mining structures was RMB21.306 billion, accounting for 16.0%; that of plant, machinery and equipment was RMB44.086 billion, accounting for 33.2%; that of construction in progress was RMB24.359 billion, accounting for 18.3%; and that of railways, transportation vehicles and other was RMB4.220 billion, accounting for 3.2%.

(2) Right-of-use assets

As at 30 June 2019, the net value of the Group's right-of-use assets was RMB456 million, which is the right-of-use assets as recognized by the Group from the rights to use the leased assets during the lease term under the IFRS16 – Leases.

(3) Mining rights

As at 30 June 2019, the net value of the Group's mining rights was RMB35.299 billion, representing a net decrease of RMB254 million or 0.7% compared with RMB35.553 billion as at 31 December 2018, which was mainly attributable to the amortisation of mining rights.

(4) Investment in assoicates and joint ventures

As at 30 June 2019, the net value of the Group's investment in associates and joint ventures amounted to RMB22.807 billion, representing a net increase of RMB2.980 billion or 15.0% as compared to RMB19.827 billion as at 31 December 2018, which was mainly due to the combined effects of the Group's transfer of partial equity instruments at fair value through other comprehensive income to investments in associates, as well as the recognition of the investment income from associates and joint ventures in proportion to its shareholdings for the period, and the receipt of dividends declared from associates and joint ventures.

(5) Equity instruments at fair value through other comprehensive income

As at 30 June 2019, the net value of the Group's equity instrument at fair value through other comprehensive income amounted to RMB2.307 billion, representing a net decrease of RMB2.257 billion or 49.5% as compared to RMB4.564 billion as at 31 December 2018, which was mainly due to the Group's transfer of partial equity instruments at fair value through other comprehensive income to the investment in associates.

(6) Other non-current assets

As at 30 June 2019, the net value of other non-current assets of the Group was RMB8.063 billion, representing a net increase of RMB1.291 billion or 19.1% as compared with RMB6.772 billion as at 31 December 2018, which was mainly attributable to the increase of RMB1.028 billion in the loans with a term of more than one year provided by China Coal Finance Company to other members within China Coal Group and its subsidiaries (excluding the Group).

(7) Trade receivables

As at 30 June 2019, the Group's net value of trade receivables amounted to RMB7.529 billion, representing a net increase of RMB2.648 billion or 54.3% as compared to RMB4.881 billion as at 31 December 2018, which was mainly due to the increment in the Group's revenue which increased the trade receivables within the settlement period accordingly.

(8) Borrowings

As at 30 June 2019, the balance of borrowings of the Group amounted to RMB65.539 billion, representing a net increase of RMB2.069 billion or 3.3% as compared with RMB63.470 billion as at 31 December 2018, which was mainly attributable to the combined effect of securing project construction loans to satisfy the needs of project construction and other factors, among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB58.325 billion, representing a net increase of RMB1.163 billion as compared to RMB57.162 billion as at 31 December 2018, and the balance of short-term borrowings amounted to RMB7.214 billion, representing a net increase of RMB906 million as compared to RMB6.308 billion as at 31 December 2018.

(9) Lease liability

As at 30 June 2019, the balance of lease liability of the Group (including lease liability due within one year) amounted to RMB522 million, which was mainly attributable to the Group having the present value of its lease payments outstanding recognized as lease liability under the IFRS 16 – Leases.

(10) Long-term Bonds

As at 30 June 2019, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB33.903 billion, representing a net increase of RMB12 million as compared to RMB33.891 billion as at 31 December 2018.

Management Discussion and Analysis of Financial Conditions and Operating Results

VI. EQUITY

As at 30 June 2019, the equity of the Group was RMB115.598 billion, representing an increase of RMB5.098 billion or 4.6% from RMB110.50 billion as at 31 December 2018, among which, the equity attributable to the equity holders of the Company was RMB94.964 billion, representing an increase of RMB3.013 billion or 3.3% from RMB91.951 billion as at 31 December 2018. The items under the equity subject to significant change are analysed below:

(I) Reserves

As at 30 June 2019, the reserve of the Group was RMB46.599 billion, representing an increase of RMB294 million or 0.6% from RMB46.305 billion as at 31 December 2018, which was mainly because members of the Group made provision of the special fund and utilized the special fund as planned during the period, and the balance thereof resulted in the increase of the accumulated balance of the fund.

(II) Retained earnings

As at 30 June 2019, the retained earnings of the Group was RMB35.107 billion, representing an increase of RMB2.719 billion or 8.4% from RMB32.388 billion as at 31 December 2018, which was mainly because of the profit attributable to the equity holders of the Company for the period of RMB4.126 billion, the decrease of RMB385 million for adjusted special fund by the members of the Group and the equity investment entities, and the decrease of RMB1.034 billion for dividend distribution for 2018.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 30 June 2019, the book value of the Group's charge of assets amounted to RMB2.972 billion, of which the book value of pledged assets was RMB349 million and the book value of mortgaged assets was RMB2.623 billion.

VIII. SIGNIFICANT INVESTMENT

Save as disclosed in this report, the Group had no significant investment during the reporting period.

IX. MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group did not have material acquisitions and disposals in relation to subsidiaries, associates and joint ventures during the reporting period.

X. ISSUANCE OF CORPORATE BONDS

The goal of registration and issuance of corporate bonds by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 30 June 2019, details of corporate bonds issued by the Group are set out as follows.

		Corporate bonds						
Disclosures		**17 China Coal 01**	**18 China Coal 01**	**18 China Coal 02**	**18 China Coal 03**	**18 China Coal 05**	**18 China Coal 06**	**18 China Coal 07**
1.	Reason for issue	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.
2.	Type of issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue
3.	Book value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
4.	Issue scale	RMB1.0 billion	RMB1.1 billion	RMB0.4 billion	RMB1.7 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion
5.	Interest rate	4.61%	4.85%	5.00%	4.90%	4.69%	4.89%	4.40%
6.	Total proceeds raised after deducting the issuance fee	RMB0.997 billion	RMB1.097 billion	RMB0.399 billion	RMB1.695 billion	RMB2.193 billion	RMB0.798 billion	RMB0.798 billion
7.	Issue object	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor
8.	Use details:							
(1)	Details and descriptions of the proceeds of each issue for different purposes in the fiscal year	All the proceeds net of issuance fee were used to repay the Company's due short-term financing bonds.	All the proceeds net of issuance fee were used to supplement the Company and its subsidiaries' working capital and repay the due bank loans.	All the proceeds net of issuance fee were used to supplement the Company and its subsidiaries' working capital and repay the due bank loans.	All the proceeds net of issuance fee were used to repay the Company and its subsidiaries' due bank loans.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the issuer's due bank loans.
(2)	If the proceeds have not been used, provide the different intended use details and descriptions of the relevant proceeds.	–	–	–	–	–	–	–
(3)	Whether the use or intended use of the proceeds is in accordance with the plan previously disclosed by the issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

XI. ISSUANCE OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS

Name of bonds	Issue scale (RMB100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment Status
12 China Coal MTN1	50.00	5.12	7 years	19 September 2012	19 September 2019	Interest paid while principal not due yet
13 China Coal MTN001	50.00	5.26	7 years	25 July 2013	25 July 2020	Interest paid while principal not due yet
13 China Coal MTN002	50.00	5.60	7 years	18 September 2013	18 September 2020	Interest paid while principal not due yet
14 Datun Energy MTN001	10.00	5.28	5 years	23 October 2014	23 October 2019	Interest paid while principal not due yet
15 China Coal MTN001	100.00	4.95	7 years	18 June 2015	18 June 2022	Interest paid while principal not due yet
Total	260.00					

As of 30 June 2019, the Company has paid the principal and interest of its other bonds and debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

XII. RISKS OF EXCHANGE RATE

The export sales of the Group are primarily settled in US Dollars. Meanwhile, the Group uses foreign currencies, mainly US Dollars, to pay for imported equipment and accessories. As such, the fluctuations in foreign exchange rates against RMB impose bilateral effects on the operating results of the Group. The Group will actively analyse the trend of the international exchange rate markets and comprehensively use a variety of financial instruments to effectively control and prevent the occurrence of exchange rate risks.

XIII. RISKS OF COMMODITY VALUE

The Group is also exposed to risks of commodity value arising from the changes in product prices and material costs of the Group.

XIV. INDUSTRY RISKS

As other coal companies and coal chemical companies in China, the Group's operational activities are subject to regulations supervised by the Chinese government in terms of industry policies, project approvals, granting of permits, industry special taxes and fees, environmental protection and safety standards, etc. As a result, the Group may be subject to restrictions in business expansion or profitability enhancement. Certain future policies of the Chinese government regarding the coal and coal chemical related industries may have an impact on the operational activities of the Group.

XV. CONTINGENT LIABILITIES

(1) Bank guarantees

As at 30 June 2019, the Group provided guarantees of RMB18.937 billion in total, of which guarantees of RMB14.175 billion were provided to the equity investment entities in proportion to the Group's shareholdings. The details are set out below:

Unit: RMB10 thousand

The Company's external guarantees (excluding guarantees for subsidiaries)													
Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Completed or not	Overdue or not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Connected party relationship
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	1,275.00	28 March 2008	28 March 2008	20 December 2022	Joint and several liability	No	No	–	No	No	Others
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	13,075.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	No	No	–	No	No	Others
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	9,981.10	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	No	No	–	No	No	Others
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	2,125.00	21 November 2012	21 November 2012	20 November 2027	Joint and several liability	No	No	–	No	No	Others
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	145,585.59	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	No	No	–	Yes	No	Others
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	43,243.50	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	No	No	–	Yes	No	Others
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	1,149,189.37	25 May 2016	25 May 2016	As per agreement	Joint and several liability	No	No	–	No	Yes	Associates
Shanghai Datun Energy Resources Company Limited	Controlling subsidiary	Fengpei Railway Company Limited	1,347.78	21 November 2013	21 November 2013	20 April 2024	Joint and several liability	No	No	–	Yes	No	Others
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	5,000.00	28 November 2015	29 November 2015	1 September 2025	Joint and several liability	No	No	–	Yes	No	Others

The Company's external guarantees (excluding guarantees for subsidiaries)													
Guarantor	**Relationship between guarantor and listed company**	**Guarantee**	**Guaranteed amount**	**Date of execution of guarantee (the date of signing agreement)**	**Commencement date of guarantee**	**Expiry date of guarantee**	**Type of the guarantee**	**Completed or not**	**Overdue or not**	**Overdue amount**	**Counter guarantee available or not**	**Provided to the related party or not**	**Connected party relationship**
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	21,750.00	2 February 2019	26 February 2019	2 February 2025	Joint and several liability	No	No	–	Yes	No	Others
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shanxi Jingshen Railway Company Limited	24,880.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	No	No	–	Yes	No	Others
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)													-57,342.60
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)													1,417,452.84
guarantee provided by the Company and subsidiaries to its subsidiaries													
Total guarantee to subsidiaries incurred during the reporting period													-81,137.34
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)													476,288.50
total guarantee of the Company (including those to subsidiaries)													
Total guarantee (A+B)													1,893,741.34
Percentage of total guarantee to net assets of the Company (%)													19.9
Of which:													
Amount of guarantee provided to shareholders, de facto controllers and related parties (C)													–
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)													26,456.60
Excess amount of total guarantee over 50% of net assets (E)													–
Total amount of the above three categories (C+D+E)													26,456.60
Explanations on the possible joint and several liabilities for liquidation in respect of the outstanding guarantee													–
Explanations on the guarantee													–

(2) Environmental protection responsibilities

Environmental protection laws and regulations have been fully implemented in China. However, the management of the Group is of the opinion that other than those that have been accounted for in the financial statements, there are currently no other environmental protection responsibilities that may have a material adverse impact on the financial position of the Group.

(3) Contingent legal liabilities

For the six months ended 30 June 2019, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

Business Performance

I. COAL OPERATIONS

Since the beginning of this year, coal enterprises strived to overcome unfavourable factors by means of strengthening coordination, focusing on troubleshooting the outstanding bottlenecks that hamper production, and actively organizing production, as a result of which coal production continued to grow. Pingshuo Company steadily increased its coal production volume by taking advantage of the peak production season, actively strengthening continuous production, increasing open-cast coal mines' stripping effort, while paying close attention to coal quality management and further optimizing product structure. Shanghai Energy Company effectively overcame obstacles such as the deteriorating geological conditions and the increasing difficulties in production organisation, vigorously pushed forward technical profitability and further raised unit output and unit road-heading level. China Coal Huajin Company scientifically planned production to fully leverage on its production capacity, which has delivered stable and orderly production and operation. By taking full advantage of the state-of-the-art mining industry clusters, Northwest Energy Company continuously optimized production structure, enhanced excavation capacity, and thereby steadily improved production efficiency. During the reporting period, the production volume of commercial coal of the Company reached 50.56 million tonnes, of which the production volume of thermal coal amounted to 44.62 million tonnes, and the production volume of coking coal amounted to 5.94 million tonnes.

The Company continued to push forward the implementation of the safety development strategy, insisted on paying equal attention to "system, equipment, quality, and management", effectively prevented and mitigated major security risks, and comprehensively improved its safety protection capacity. As a result, the Company maintained a satisfactory record of safe production during the first half of the year, with over 60% of its coal mines reached the standard of "First-Class Safety Production Standardisation".

Adhering to the concept of safety, efficiency, green development, and intelligent production, the Company actively pushed forward scientific and technological innovations to promote high-quality development. Using scientific and technological innovations to promote the quality and efficiency of coal production, the Company actively promoted the application of intelligent and green mining technologies, so as to ensure high-efficiency and safety of coal mines. During the reporting period, the Company recorded the raw coal production efficiency of 35.7 tonnes/worker-shift, maintaining the leading level in the coal industry.

Since the beginning of the year, the Company has improved its centralized marketing system, reconstructed the coal sales patterns, strengthened the coordination of production and sales, accurately grasped the market rhythm, orderly promoted the integration of internal and external resources, and effectively enhanced the market supply capacity, thereby significantly increased sales volume. During the reporting period, the Company achieved a total sales volume of commercial coal of 103.15 million tonnes, representing a year-on-year increase of 30.2%.

The Company focused on optimizing the purchased coal business and increased the sales of purchased coal rapidly by adopting innovative marketing models, strengthening the risk control management, accurately coordinating coal sales channels, and actively building long-term and stable strategic cooperative relationship with suppliers. During the reporting period, the sales volume of the proprietary coal trading was 49.27 million tonnes, representing a year-on-year increase of 26.4%.

Sales volume of commercial coal (10 thousand tonnes)			**January to June 2019**	January to June 2018	Change (%)
(I)	**Domestic sales of self-produced coal**		**5,051**	3,629	39.2
	By region:	North China	**1,441**	1,125	28.1
		East China	**2,033**	1,611	26.2
		South China	**509**	441	15.4
		Others	**1,068**	452	136.3
	By coal type:	Thermal coal	**4,469**	3,175	40.8
		Coking coal	**582**	454	28.2
(II)	**Self-produced coal export**		**8**	–	–
	By region:	Taiwan, China	**8**	–	–
	By coal type:	Thermal coal	**8**	–	–
(III)	**Proprietary trading**		**4,927**	3,898	26.4
	Of which:	Domestic resale	**4,884**	3,885	25.7
		Self-operated exports	**14**	11	27.3
		Import trading	**29**	2	1,350.0
(IV)	**Agency sales**		**329**	398	-17.3
	Of which:	Import agency	**45**	19	136.8
		Export agency	**86**	132	-34.8
		Domestic agency	**198**	247	-19.8
Total			**10,315**	7,925	30.2

Note: The sales volume of commercial coal for the first half of 2019 includes the inter-segmental self-consumption volume of the Company, and the relevant data for the first half of 2018 is adjusted accordingly.

II. COAL CHEMICAL OPERATIONS

In view of the challenging safe production conditions regarding coal chemicals across the country since the beginning of this year, the Company focused closely on the investigation and treatment of hidden hazards, rationally arranged inspections and repairs, and maintained "safe, stable, long-term, full and high-quality" operation of the fixtures. China Coal Energy actively optimized production structure, strengthened equipment operation and maintenance, advanced streamline management, strictly controlled unscheduled shutdown, increased the effective operating hours of the equipment, and thereby steadily increased the output of coal chemical products. Moreover, the Company proactively developed benchmarking management and constantly reduced the unit consumption of raw materials and the comprehensive energy consumption. The Company continued to lay a solid foundation for safe production by strengthening safety risk control and comprehensively promoting the process safety management measures, which ensured that the coal chemicals segment's production targets were achieved effectively.

In the face of the unfavourable factors such as the downstream's sluggish demand, the release of additional capacity, and the sharp decline in the prices of coal chemical products, the Company closely monitored the changes in the market of chemical products at home and abroad, timely adjusted sales strategies, optimized the market layout, enriched sales methods, and seized opportunities arising from the market rebound, so as to ensure better balance between production and sales and continuous expansion of market share, thereby increased the brand influence of China Coal Energy. The Company also promoted the construction of a comprehensive logistics system, continuously reduced cost of logistics, and improved the delivery capacity of goods. In addition, the Company expanded the scale of internal procurement and supply of methanol products, continuously reduced the cost, and enhanced the effectiveness of polyolefin products by taking full advantage of the coordination locations of affiliated enterprises and the synergy effect of industry value chains. During the reporting period, the accumulated sales volume of polyolefin, urea and methanol amounted to 728,000 tonnes, 1.286 million tonnes and 378,000 tonnes, respectively.

Production and sales volume of coal chemical products (10 thousand tonnes)				**January to June 2019**	January to June 2018	Change (%)
(I)	Polyolefin					
	1.	Polyethylene:	Production volume	**38.0**	36.1	5.3
			Sales volume	**38.0**	36.2	5.0
	2.	Polypropylene:	Production volume	**35.7**	36.7	-2.7
			Sales volume	**34.8**	36.8	-5.4
(II)	Urea					
	1.	Production volume		**99.7**	84.6	17.8
	2.	Sales volume		**128.6**	103.6	24.1
(III)	Methanol					
	1.	Production volume		**40.1**	29.3	36.9
	2.	Sales volume		**37.8**	28.9	30.8

Notes: 1. The methanol production volume of the Company includes the remaining volume of 104,000 tonnes and 45,000 tonnes of the intermediate products from China Coal Shaanxi Company in the first half of 2019 and 2018, respectively.

2. The methanol sales volume includes the inter-segmental self-consumption volume of the Company which amounted to 315,000 tonnes and 264,000 tonnes in the first half of 2019 and 2018, respectively.

III. COAL MINING EQUIPMENT OPERATIONS

China Coal Energy successfully captured market opportunities through relying on its advantages and closely focusing on key users, key projects, and major needs, and thus continued to seize the total amount of effective contracts. During the reporting period, the accumulated amount of trading contracts signed increased by 21.1% on a year-on-year basis. Furthermore, the Company proactively promoted scientific and technological innovations to expedite the implementation of key science and technology projects and comprehensively promote a deeper level of product transformation and upgrading. While consolidating on the traditional main business, the Company extended its scope of business to certain industries such as intelligent logistics technology and equipment, new energy technology and equipment, and ice and snow tourism technology and equipment, with revenue from accessories and non-coal business accounting for 37% of total revenue. The Company further promoted lean management, optimised the connections between production and sales, solidly increased production efficiency and pushed forward the release of production capacity in order to fully meet users' demands. During the reporting period, the production value of coal mining equipment was RMB4.31 billion, representing a year-on-year increase of 24.9%; and total production volume of coal mining equipment was 185,000 tonnes, representing a year-on-year increase of 9.8%, of which 8,081 units (sets) were major coal mining equipments, representing a year-on-year increase of 8.1%.

	Production value (RMB100 million)			**Sales revenue (RMB100 million)**	
Coal mining equipment	**January to June 2019**	January to June 2018 (restated)	Change (%)	**January to June 2019**	Percentage of operating revenue of the coal mining equipment segment (%)
Main conveyor products	**17.8**	16.8	6.0	**17.5**	42.5
Main support products	**16.1**	11.4	41.2	**14.3**	34.7
Others	**9.2**	6.3	46.0	**9.4**	22.8
Total	**43.1**	34.5	24.9	**41.2**	–

Notes: 1. The sales revenue in the table represents the sales revenue of the coal mining equipment segment before netting of inter-segmental sales.

2. The production value (revenue) of main products includes the production value (revenue) of related accessories and services. The revenue of others includes part of the trade revenue.

IV. FINANCIAL OPERATIONS

Building on its business development and the full coal industry value chain, the Company proactively leveraged on the financial value of China Coal Finance Company, built a digital financial platform that integrates capital flow and information flow, and reconstructed a highly integrated, scientific and lean capital control system. Using the specialized functions of financial services, value creation and risk management, the Company built a financial system that bears China Coal's characteristics, which serves to promote high quality development of the Company. As a result of continuous innovations in financial services, the Company strengthened the lean management of deposits, loans, placement of interbank deposits and other businesses, as well as expanded scale, variety, and scope of the financial services. During the reporting period, the volume of deposits amounted to RMB28.7 billion and the volume of loans reached RMB11.7 billion, both of which hit historical highs.

Financial operations (RMB100 million)	**January to June 2019**	January to June 2018	Change (%)
Scale of deposits	**287.3**	190.0	51.2
Placement of interbank deposits	**192.4**	122.3	57.3
Scale of loans	**117.2**	91.7	27.8
Scale of entrusted loans	**199.7**	207.3	-3.7

V. ILLUSTRATION OF THE PROGRESS OF OPERATING PLANS

In the first half of 2019, China's economy was generally stable. Focusing on annual production and operation objectives, the Company optimised production layout, strengthened the coordination between production and sales, seized market opportunities, and deepened reform and innovation. As a result, the asset operational efficiency and quality have improved significantly. During the reporting period, the Company achieved remarkable results in all aspects, with the profit attributable to the equity holders of the Company amounting to RMB4.13 billion, the production volume of commercial coal amounting to 50.56 million tonnes, the sales volume of coal amounting to 103.15 million tonnes, and the operating revenue amounting to RMB61.03 billion. In the second half of the year, the Company will continue to strengthen the organization of production and sales, to put in greater efforts to explore market opportunities, to focus on improving quality and efficiency, and to carry out all tasks in a coordinated way, striving to achieve annual production targets and operation plan.

Investor Relations

In the first half of 2019, China Coal Energy paid great attention to the investor relation management and continued to strengthen investor relations. The Company kept open and sufficient communication with its domestic and overseas investors as well as industry analysts through various channels including presentations of results, non-deal road-shows, investment forums, routine visits and telephone conferences, and held 52 various investor meetings with 598 attendees in total. These activities included 19 presentations of annual results and road-show meetings, telephone conferences on quarterly results with 305 attendees, 20 day-to-day receptions of investor visits with 112 attendees, and investment forums organised by 6 domestic and overseas securities firms with 13 meetings with 181 attendees.

1. CONTINUING TO STRENGTHEN INVESTOR RELATIONS MANAGEMENT

The management of the Company paid great attention to the investor relation management and attended on-site press conference and presentation of 2018 annual results, delivered a detailed update of business results of the Company to coal industry analysts and the media, patiently answered relevant questions, and achieved positive effects of communication. Through non-deal road-shows, the Company has had extensive exchanges of views with important shareholders and potential institutional investors of the Company on key issues including the domestic macro economy and the trend of coal prices, which helped to deepen the investors' understanding of the Company in the capital market. The Company insisted on holding routine telephone briefings upon the release of the 2019 A Shares first quarterly report, introduced the Company's production and operation situations to online investors at home and aboard, and promptly and effectively responded to their main concerns.

2. ACTIVELY MAINTAINING SMOOTH COMMUNICATION CHANNELS

The Company adhered to the practice of receiving investors on every Tuesday and Thursday, arranged the reception of investor's on-site visits, answered visitors' queries earnestly and candidly, carefully explained the operation situation, development prospects and future plans of the Company, which has deepened the investors' understanding of the Company in a comprehensive and systematic manner. The Company actively participated in various investment forums held by investment banks and securities companies at home and abroad, communicated with numerous investors in various communication modes including one-to-one and one-to-many communications with respect to, among others, the national macroeconomic trend, industry development outlook and corporate operational fundamentals in order to continuously improve the transparency of the Company.

3. SERVING MINORITY INVESTORS WITH SINCERITY

Investor relations column opened on the Company's website not only provides statutory information disclosure such as annual reports, interim reports, quarterly reports and announcements of major events of the Company, but also voluntarily discloses monthly productive and operational data so as to satisfy the needs of investors as much as possible. During the first half of 2019, through the E-interactive Platform of the Shanghai Stock Exchange, the Company answered questions about the Company's development strategies, operation and management as an effort to uplift the coverage and effectiveness of its communication with the investors. The Company also appointed dedicated staff to answer calls from the investors and handle emails and faxes, provided minority investors with over 100 timely replies, so as to effectively safeguard their rights to be informed. The shareholders' general meeting adopted such means as online voting and inviting minority shareholders to the meeting, further protecting the rights of participation and voting of the minority shareholders on important matters of the Company.

4. TIMELY FEEDBACK ON CAPITAL MARKET INFORMATION

On the basis of establishing extensive communication and connection with investors, the Company focused on enhancing the dynamic tracking of share price valuation, analysts' reports and media comments while tracing and analyzing hot topics in the capital market, providing the Company's management with the responses of the capital market in a timely manner by means of news alerts and monthly reports on investor relations, so as to facilitate their decision-making. The Company earnestly arranged the Q&A session in the shareholders' general meetings so that the voices of minority Shareholders were heard and Shareholders' opinions and suggestions could be adopted reasonably. Following the disclosure of the Company's results, the Company carried out investor surveys, actively enquired the views and comments of industry analysts on the Company's operation results, information disclosure and investor relations management, and solicited suggestions from the capital market for the Company's development and management.

Looking forward, China Coal Energy will continue to improve its investor relations management mechanism, further enhance the quality of investor communication, and look forward to obtaining more support and attention from investors.

Corporate Governance

I. OVERVIEW OF CORPORATE GOVERNANCE

During the reporting period, the Company regulated its operations in compliance with domestic and overseas regulatory requirements. In accordance with the requirements of the Articles of Association, relevant laws and regulations and the securities regulatory rules of the places where the Company's Shares are listed, etc., and taking into account of its actual circumstances, the Company continued to formulate, improve and effectively execute the various working mechanisms and relevant working procedures of the Board and its various special committees. During the reporting period, through the coordinated operation and effective check and balance among general meeting, the Board, the relevant special committees, the supervisory committee and the corporate management, as well as the implementation of an effective internal control system, the internal management and operations of the Company were further regulated with continuous enhancement in management standards.

The Board currently comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Five special committees, namely the strategic planning committee, the audit and risk management committee, the remuneration committee, the nomination committee, and the safety, health and environmental protection committee, were set up under the Board to assist the Board in making decisions and monitoring the Company's strategic planning, auditing, employees' remuneration, nomination and safety production, etc., respectively. During the reporting period, the Company convened one general meeting, three meetings of the Board and three meetings of the supervisory committee. In strict compliance with the requirements of relevant rules including the Rules of Procedures of Shareholders' General Meetings, the Rules of Procedures of the Board of Directors, the Provisional Measures on Management of Resolutions of the Board of Directors, and the Rules of Procedures of the Supervisory Committee, the Company continued its efforts in standardising the work flow and improving work quality to ensure rational decision-making and efficient operation.

During the reporting period, the Company and its controlling shareholder, China Coal Group, were independent from each other in respect of business, staff, assets and financial affairs. Save for the internal working relationship in the Company, the Directors, the supervisors and the senior management of the Company were not related to each other in respect of financial, business, family and other material aspects. Save for the service agreements entered into with the Company, the Directors and the supervisors of the Company had no personal interests, directly or indirectly, in any material contracts entered into by the Company and its subsidiaries in the first half of 2019.

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company always attaches great importance to corporate governance and the enhancement of its transparency, complies with the requirements on corporate governance prescribed by domestic and overseas regulatory institutions and makes constant efforts to improve the internal control of the Company, so as to facilitate more standardised and efficient operation of the Company and ensure maximum returns for the Shareholders through excellent corporate governance.

During the reporting period, the Company had complied with the principles and code provisions under the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules.

III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code"). After the Company made specific enquiries, all Directors and Supervisors of the Company confirmed that they had fully complied with the Model Code during the reporting period.

IV. AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee under the Board has reviewed the interim report of the Company. Deloitte Touche Tohmatsu, the external auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2019 in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, Deloitte Touche Tohmatsu confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

Disclosure of Major Events

I. SHARE CAPITAL STRUCTURE

As at 30 June 2019, the Company's share capital structure was as follows:

Unit: Share

Type of Shares	Number of Shares	Percentage of the total issued share capital %
A Shares	9,152,000,400	69.03
Of which: A Shares held by China Coal Group	7,605,207,608	57.36
H Shares	4,106,663,000	30.97
Of which: H Shares held by China Coal Hong Kong Limited	132,351,000	1.00
Total	13,258,663,400	100.00
Of which: Shares held by China Coal Group and parties acting in concert with it	7,737,558,608	58.36

II. DISTRIBUTION OF FINAL DIVIDENDS FOR 2018

The Company's plan of profit distribution for the year of 2018 was considered and approved at the Company's 2018 annual general meeting held on 28 June 2019. Cash dividends of RMB1,030,373,400 were distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company which was RMB3,434,578,000 for the year of 2018 as set out in the consolidated financial statements of 2018 prepared in accordance with the Chinese accounting standards for business enterprises. The proposed dividend distribution was based on the Company's entire issued share capital of 13,258,663,400 Shares, representing a dividend of RMB0.078 per share (tax inclusive). As at the date of this report, the aforesaid final dividends were duly paid to the Shareholders.

III. INTERIM PROFIT DISTRIBUTION PLAN FOR 2019

The Company does not distribute any interim profit for 2019 and does not implement capitalisation from capital reserve.

IV. ASSETS TRANSACTION

During the reporting period, the Company had no significant assets transactions.

V. INVESTMENT OF THE COMPANY DURING THE REPORTING PERIOD

(I) Performance of Capital Expenditure Budgeted During the Reporting Period

In 2019, the Company's capital expenditure budget closely focused on four major business segments, namely coal, coal chemical, coal mining equipment and power generation, and consisted of four categories, namely infrastructure projects, procurement and maintenance of fixed assets, equity investment and other capital expenditures. The total capital expenditure budgeted for 2019 was RMB14.610 billion. During the reporting period, the actual investment amount was RMB4.756 billion, representing 32.55% of the annual budget.

Performance of Capital Expenditure Budgeted for the First Half of 2019 (By Items)

Unit: RMB100 million

Items of capital expenditure	Actual investment from January to June 2019	Budgeted investment in 2019	Actual investment ratio %
Total	47.56	146.10	32.55
Infrastructure projects	34.02	114.19	29.79
Procurement and maintenance of fixed assets	11.32	27.20	41.62
Equity investment	1.67	2.67	62.55
Other capital expenditures	0.55	2.03	27.09

Performance of Capital Expenditure Budgeted for the First Half of 2019 (By Business Segments)

Unit: RMB100 million

Business segments	Actual investment from January to June 2019	Budgeted investment in 2019	Actual investment ratio %
Total	47.56	146.10	32.55
Coal	27.33	94.35	28.97
Coal chemical	8.15	27.76	29.36
Coal mining equipment	0.19	2.04	9.31
Power generation	11.73	21.60	54.31
Other	0.16	0.36	44.44

(II) Overall Analysis of External Equity Investments

In the first half of 2019, the Company completed external equity investment of RMB167 million, which includes payment of RMB109 million for the consolidation of small scale coal mines within the boundary of Pingshuo East Open Pit Mine, payment of RMB50 million for the acquisition of equity interest in Jingshen Railway, and contribution of RMB8 million to the investment in the second power plant located in the north of Wucai Bay, Zhundong.

Disclosure of Major Events

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2019, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term "securities" has the meaning ascribed to it under the Hong Kong Listing Rules) of the Company.

VII. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, to the knowledge of the Directors, supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests and/or short positions of the following persons (excluding Directors, supervisors and chief executive of the Company) in the Company's shares or underlying shares were as follows:

Unit: Share

Name of shareholders	Number of Shares	Class of Shares	Nature of Interest	Capacity	Percentage of the respective class of the total shares in issue (%)	Percentage of the total shares in issue (%)
China National Coal Group Corporation	7,605,207,608	A Shares	N/A	Beneficial owner	83.10	57.36
Funde Sino Life Insurance Co., Ltd.	2,012,858,147	H Shares	Long position	Interest of controlled corporation by substantial shareholders	49.01	15.18

Note: The information disclosed is based on the information provided on the HKSE Website (www.hkex.com.hk).

Save as disclosed above, as of 30 June 2019, to the best knowledge of the Directors, supervisors and chief executive of the Company, there were no other persons who were interested or held short positions in the Company's shares or underlying shares as recorded in the register of interests required to be maintained under section 336 of the Securities and Futures Ordinance.

VIII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2019, none of the Directors, supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are required to be recorded in the register of interests kept by the Company under Section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and HKSE pursuant to the Model Code.

As of 30 June 2019, the Company had not granted any rights to any Directors, supervisors or chief executive of the Company or any of their spouses or children under 18 years of age to subscribe for the shares or debentures of the Company or its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to subscribe for the aforesaid shares or debentures.

IX. EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2019, the Company had a total of 41,794 on-the-job employees, including 25,016 production personnel, 965 sales personnel, 8,963 technical personnel, 821 financial personnel, 3,194 administrative personnel and 2,835 other personnel.

Focusing on its high-quality development goals, the Company deepened the employment concept of "leaner organization and higher efficiency, fewer people and higher productivity", formulated human resources plan and ensured the talent demand of each line of business. The Company administered strict control on total headcount and staff recruitment, promoted the optimisation of human resources allocation and accelerated the optimisation of staff structure to enhance the caliber of its employees as a whole.

The Company continued to strengthen the education and training of its employees by organizing and conducting two types of training, namely comprehensive quality improvement and safe production techniques, with a total of nearly 600 participants. In order to continuously improve the overall quality of the management personnel at all levels, the Company held a total of eight comprehensive quality improvement training sessions for young cadre and outstanding intellectuals, grassroots party branch secretaries and party affairs officials, with nearly 370 participants. In order to strengthen their safety awareness and help them master new coal-related technologies, new policies, and new knowledge, the Company held training sessions for the heads of the coal mines, who were required to attend the training on a full-time basis. In order to urge its coal chemical subsidiaries to promote process safety management and establish a management concept with "Risk Prevention" as the core, the Company held training sessions on process safety management for its coal chemical subsidiaries, with nearly 70 people attending the training. In order to comprehensively improve the quality and ability of the grassroots team leaders, the Company held training sessions on grassroots team, with nearly 90 people participating in the training. By effectively organizing various types of training, the overall quality of the workforce has been significantly improved.

Disclosure of Major Events

In terms of remuneration strategy for its employees, the Company vigorously carried out the reform of the income distribution system, continuously improving the decision-making mechanism and control model of the total amounts of salaries of its employees, aiming to build a strategic goal-oriented evaluation index system for high-quality development, and guide the income allocation reform in a more rational and orderly way, so as to give full play of the role of compensation, basically establish a rational mechanism for income increase/decrease, and realize a positive energy cycling known as "Employee to Create Value for Employer and Employer to Reward Employee".

X. UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

N/A.

XI. OTHER SIGNIFICANT EVENTS

(I) Matters in relation to the adjustments to the 2019-2020 annual caps of certain continuing connected transactions

As considered and approved by the third meeting of the 4th session of the Board of Directors of the Company in 2019, and approved by the 2018 annual general meeting of the Company held on 28 June 2019, the Company adjusted the 2019-2020 annual caps for certain continuing connected transactions.

For details, please refer to the announcements of the Company published on the SSE website, the HKSE website and the Company's website on 23 April 2019 and 28 June 2019, respectively.

(II) Matters in relation to the acquisition of 100% equity interests of Dongrisheng Company

On 1 February 2019, the first meeting of the 4th session of the Board of Directors of the Company in 2019 considered and approved the Proposal on the Acquisition of 100% Equity Interest of Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. by China Coal Pingshuo Group Company Limited, which approved the acquisition of the 100% equity interest of Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. from China Coal Group by China Coal Pingshuo Group Company Limited at a consideration of RMB24,317,600. By now, the above transfer of equity interests has been completed.

For details, please refer to the announcements of the Company published on the SSE website, the HKSE website and the Company's website on 1 February 2019.

(III) Matters in relation to the acquisition of capacity replacement quota from the subsidiaries of the China Coal Group

On 1 February 2019, the first meeting of the 4th session of the Board of Directors of the Company in 2019 considered and approved the Proposal on Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from China Coal Xinji Company by Dahaize Coal Mine from China Coal Shaanxi Company and the Proposal on Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from China Coal Xinji Company by Shanxi Xiaohuigou Coal Industry Company Limited, which approved the acquisition of the 950,000 tonnes/year capacity replacement quota of Yangcun Coal Mine from Xinji Energy by China Coal Shaanxi Company at a consideration of RMB109.25 million and the acquisition of the 300,000 tonnes/year capacity replacement quota of Yangcun Coal Mine from Xinji Energy by Xiaohuigou Coal Industry at a consideration of RMB34.5 million. Currently, the Company has obtained relevant capacity replacement quota.

For details, please refer to the announcements of the Company published on the SSE website, the HKSE website and the Company's website on 1 February 2019.

On 23 April 2019, the third meeting of the 4th session of the Board of Directors of the Company in 2019 reviewed and approved the Proposal on Acquisition of Capacity Replacement Quota of Xinji No.3 Coal Mine from China Coal Xinji Company by the Nalin River No.2 Coal Mine from Mengda Mining Company, the Proposal on Acquisition of Capacity Replacement Quota of Yangcun Coal Mine and Xinji No.3 Coal Mine from China Coal Xinji Company by Muduchaideng Coal Mine from Yihua Mining Company, the Proposal on Acquisition of Capacity Replacement Quota of Maying Coal Mine from Maying Coal Company by Muduchaideng Coal Mine from Yihua Mining Company, the Proposal on Acquisition of Capacity Replacement Quota of Xinji No.1 Coal Mine from China Coal Xinji Company by Nanliang Coal Mine from Nanliang Coal Company, the Proposal on Acquisition of Capacity Replacement Quota of Changhong Xinjian Coal Mine from Changhong Xinjian Company by Nanliang Coal Mine from Nanliang Coal Company and the Proposal on Acquisition of Capacity Replacement Quota of Xishahe Coal Mine from Xishahe Coal Company by Yilan No.3 Coal Mine from Longhua Company, which approved the acquisition of the 225,000 tonnes/year capacity replacement quota of Xinji No.3 Coal Mine from Xinji Energy by Mengda Mining Company at a consideration of RMB25.875 million, the acquisition of the 1,476,000 tonnes/year capacity replacement quota of Yangcun Coal Mine and Xinji No.3 Coal Mine from Xinji Energy by Yihua Mining Company at a consideration of RMB169.74 million, the acquisition of the 900,000 tonnes/year capacity replacement quota of Maying Coal Mine from Maying Coal Company by Yihua Mining Company at a consideration of RMB103.50 million, the acquisition of the 765,600 tonnes/year capacity replacement quota of Xinji No.1 Coal Mine from Xinji Energy by Nanliang Coal Company at a consideration of RMB88.044 million, the acquisition of the 135,000 tonnes/year capacity replacement quota of Changhong Xinjian Coal Mine from Changhong Xinjian Company by Nanliang Coal Company at a consideration of RMB15.525 million and the acquisition of the 240,000 tonnes/year capacity replacement quota of Xishahe Coal Mine from Xishahe Coal Company by Longhua Company at a consideration of RMB27.60 million. Currently, the Company has obtained relevant capacity replacement quota.

For details, please refer to the announcements of the Company published on the SSE website, the HKSE website and the Company's website on 23 April 2019.

Disclosure of Major Events

(IV) Matters in relation to the general mandate to issue debt financing instruments granted to the Company

On 28 June 2019, the 2018 annual general meeting of the Company considered and approved the Proposal on Continuing to Grant to the Company the General Mandate to Issue Debt Financing Instruments, pursuant to which the Board of Directors was generally and unconditionally authorized, who would in turn further authorize the management of the Company, with full power and authority to deal with the matters in relation to the issuance of domestic and/or overseas debt financing instruments of not more than RMB40 billion within the effective period of the resolution and in accordance with the specific needs of the Company and other conditions of the capital market.

For details, please refer to the announcements of the Company published on the SSE website, the HKSE website and the Company's website on 29 April 2019, 20 May 2019 and 28 June 2019, respectively.

XII. SUBSEQUENT EVENT

The Company completed the issuance of the 2019 first tranche of Medium-term Notes of RMB5.0 billion on 19 July 2019, with a term of (5+2) years and an interest rate of 4.19%.

XIII. FORWARD-LOOKING STATEMENT

The Company would like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to various risks, uncertainties and assumptions, which are beyond the Company's control. Potential risks and uncertainties include those concerning the market conditions of coal, coal chemical, coal mining equipment and electric power industry in China, the changes of the regulatory policies and environment and the Company's ability to successfully execute its business strategies. In addition, these forward-looking statements only reflect the Company's current views with respect to future events but are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual results of the Company may differ from the information contained in the forward-looking statements as a result of a number of factors.

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
CHINA COAL ENERGY COMPANY LIMITED
(established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Coal Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 104, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
CHINA COAL ENERGY COMPANY LIMITED (Continued)
(established in the People's Republic of China with limited liability)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 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) (Restated)
Revenue	*6*	**61,031,699**	50,317,607
Cost of sales	*8*		
Materials used and goods traded		**(29,706,317)**	(25,591,421)
Staff costs		**(2,354,003)**	(2,111,739)
Depreciation and amortisation		**(4,635,697)**	(3,201,032)
Repairs and maintenance		**(746,460)**	(682,280)
Transportation costs and port expenses		**(6,317,288)**	(4,785,421)
Sales taxes and surcharges		**(1,820,390)**	(1,344,718)
Others		**(3,877,118)**	(2,754,907)
Cost of sales	*8*	**(49,457,273)**	(40,471,518)
Gross profit		**11,574,426**	9,846,089
Selling expenses	*8*	**(368,325)**	(337,293)
General and administrative expenses	*8*	**(2,024,394)**	(1,959,784)
Other gains and losses	*9*	**56,413**	23,205
Impairment losses under expected credit loss model, net of reversal	*10*	**(2,096)**	(7,197)
Profit from operations		**9,236,024**	7,565,020
Finance income	*11*	**43,541**	324,389
Finance costs	*11*	**(2,361,130)**	(2,078,637)
Share of profits of associates and joint ventures		**1,532,759**	913,526
Profit before income tax		**8,451,194**	6,724,298
Income tax expense	*12*	**(1,973,642)**	(1,652,910)
Profit for the period		**6,477,552**	5,071,388
Profit for the period attributable to:			
Equity holders of the Company		**4,126,126**	3,384,524
Non-controlling interests		**2,351,426**	1,686,864
		6,477,552	5,071,388

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss			
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**(41,018)**	(125,197)
Items that may be reclassified subsequently to profit or loss			
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax		**22,344**	11,318
Exchange differences arising on translation of foreign operations		**(468)**	(17,074)
		21,876	(5,756)
Other comprehensive expense for the period, net of tax		**(19,142)**	(130,953)
Total comprehensive income for the period		**6,458,410**	4,940,435
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**4,102,323**	3,250,898
Non-controlling interests		**2,356,087**	1,689,537
		6,458,410	4,940,435
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)	*14*	**0.31**	0.26

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited) (Restated)
Non-current assets			
Property, plant and equipment	*15*	**132,866,822**	132,082,343
Right-of-use assets		**456,037**	–
Investment properties		**81,680**	83,458
Land use rights	*16*	**5,259,716**	5,320,455
Mining rights	*17*	**35,298,931**	35,552,718
Intangible assets	*18*	**1,644,823**	1,689,402
Goodwill		**6,084**	6,084
Investments in associates		**19,841,675**	16,860,313
Investments in joint ventures		**2,965,694**	2,966,392
Equity instruments at fair value through other comprehensive income		**2,307,305**	4,563,851
Deferred income tax assets	*29*	**2,859,083**	2,838,271
Long-term receivables		**321,642**	560,950
Other non-current assets	*19*	**8,063,465**	6,772,189
Total non-current assets		**211,972,957**	209,296,426
Current assets			
Inventories	*20*	**7,839,615**	8,279,763
Trade receivables	*21*	**7,529,251**	4,881,389
Debt instruments at fair value through other comprehensive income	*21*	**8,592,159**	9,989,407
Contract assets	*22*	**910,438**	1,014,869
Prepayments and other receivables	*23*	**6,060,507**	6,931,799
Restricted bank deposits	*24*	**3,352,809**	3,351,932
Term deposits with initial terms of over three months		**14,208,661**	12,155,112
Cash and cash equivalents		**11,361,994**	8,372,119
Total current assets		**59,855,434**	54,976,390
TOTAL ASSETS		**271,828,391**	264,272,816

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited) (Restated)
Current liabilities			
Trade and notes payables	25	**23,805,670**	22,931,854
Accruals, advances and other payables	26	**17,074,348**	18,117,698
Contract liabilities		**1,966,784**	2,478,903
Taxes payables		**1,145,055**	1,173,679
Lease liabilities		**63,791**	–
Short-term borrowings	27	**7,213,677**	6,307,547
Current portion of long-term borrowings	27	**24,286,431**	11,845,531
Current portion of long-term bonds	28	**5,987,680**	5,979,779
Current portion of provision for close down, restoration and environmental costs	30	**48,221**	13,310
Total current liabilities		**81,591,657**	68,848,301
Non-current liabilities			
Long-term borrowings	27	**34,038,993**	45,317,056
Long-term bonds	28	**27,915,233**	27,911,367
Lease liabilities		**458,093**	–
Deferred income tax liabilities	29	**5,909,974**	5,929,183
Provision		**45,873**	45,713
Provision for employee benefits		**107,365**	120,480
Provision for close down, restoration and environmental costs	30	**2,291,325**	1,450,265
Deferred revenue		**1,628,047**	1,666,924
Other long-term liabilities		**2,243,824**	2,483,541
Total non-current liabilities		**74,638,727**	84,924,529
Total liabilities		**156,230,384**	153,772,830
Equity			
Share capital	31	**13,258,663**	13,258,663
Reserves		**46,598,845**	46,304,712
Retained earnings		**35,106,953**	32,387,797
Equity attributable to the equity holders of the Company		**94,964,461**	91,951,172
Non-controlling interests		**20,633,546**	18,548,814
Total equity		**115,598,007**	110,499,986
TOTAL EQUITY AND LIABILITIES		**271,828,391**	264,272,816

Li Yanjiang	**Chai Qiaolin**	**Zheng Weili**
Chairman of the Board	*Chief Financial Officer*	*Manager of Finance Department*
Executive Director		

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	Reserves *RMB'000*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2018 (audited)	13,258,663	46,303,712	32,423,108	91,985,483	18,548,814	110,534,297
Effect of business combination under common control in 2019 *(Note 3.3)*	–	1,000	(35,311)	(34,311)	–	(34,311)
At 31 December 2018 (restated)	13,258,663	46,304,712	32,387,797	91,951,172	18,548,814	110,499,986
Adjustments *(Note 4)*	–	–	(30,539)	(30,539)	(18,378)	(48,917)
At 1 January 2019 (restated)	**13,258,663**	**46,304,712**	**32,357,258**	**91,920,633**	**18,530,436**	**110,451,069**
Profit for the period	**–**	**–**	**4,126,126**	**4,126,126**	**2,351,426**	**6,477,552**
Other comprehensive (expense) income for the period	**–**	**(23,803)**	**–**	**(23,803)**	**4,661**	**(19,142)**
Total comprehensive (expense) income for the period	**–**	**(23,803)**	**4,126,126**	**4,102,323**	**2,356,087**	**6,458,410**
Appropriations	**–**	**363,147**	**(363,147)**	**–**	**–**	**–**
Share of other change of reserve of associates and joint ventures	**–**	**136,502**	**(136,502)**	**–**	**–**	**–**
Business combination under common control in 2019 *(Note 3.2)*	**–**	**(24,318)**	**–**	**(24,318)**	**–**	**(24,318)**
Dividends *(Note 13)*	**–**	**–**	**(1,034,177)**	**(1,034,177)**	**(252,977)**	**(1,287,154)**
Transfer	**–**	**(157,395)**	**157,395**	**–**	**–**	**–**
At 30 June 2019 (unaudited)	**13,258,663**	**46,598,845**	**35,106,953**	**94,964,461**	**20,633,546**	**115,598,007**
At 1 January 2018 (audited)	13,258,663	45,411,527	30,736,566	89,406,756	17,098,289	106,505,045
Profit for the period (restated) *(Note 3.3)*	–	–	3,384,524	3,384,524	1,686,864	5,071,388
Other comprehensive (expense) income for the period	–	(133,626)	–	(133,626)	2,673	(130,953)
Total comprehensive (expense) income for the period (restated)	–	(133,626)	3,384,524	3,250,898	1,689,537	4,940,435
Appropriations	–	697,728	(697,728)	–	–	–
Share of other change of reserve of associates and joint ventures	–	66,099	(66,099)	–	–	–
Business combination under common control in 2018 *(Note 3.1)*	–	–	(873,398)	(873,398)	(839,147)	(1,712,545)
Business combination under common control in 2019	–	1,000	46,878	47,878	–	47,878
Contributions from non-controlling interests	–	–	–	–	300	300
Dividends *(Note 13)*	–	–	(724,328)	(724,328)	(112,672)	(837,000)
Others	–	(71,663)	–	(71,663)	–	(71,663)
At 30 June 2018 (unaudited) (restated)	13,258,663	45,971,065	31,806,415	91,036,143	17,836,307	108,872,450

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited) (Restated)
Cash flows from operating activities			
Cash generated from operations	*32*	**12,211,907**	10,004,740
Income tax paid		**(1,971,371)**	(1,743,626)
Net cash generated from operating activities		**10,240,536**	8,261,114
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(4,444,821)**	(5,393,497)
Proceeds from disposals of property, plant and equipment		**39,708**	38,260
Payments for land use rights, mining rights and intangible assets		**(225,224)**	(623,720)
Payment of prior year's acquisition consideration		**–**	(5,000)
Payment for investments in joint ventures		**(8,000)**	(50,000)
Purchases of equity instruments at fair value through other comprehensive income		**(50,000)**	–
Dividends received		**538,924**	341,159
Loan repayment from a joint venture		**–**	300,000
Loans granted to fellow subsidiaries		**(1,849,000)**	(2,280,000)
Loan repayment from fellow subsidiaries		**1,457,001**	2,414,864
Interest income on loan receivables		**79,640**	86,226
Interest income on term deposits		**177,999**	53,747
Increase in term deposits with initial terms of over three months		**(2,053,549)**	(1,574,419)
Net cash used in investing activities		**(6,337,322)**	(6,692,380)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
FINANCING ACTIVITIES		
Proceeds from borrowings	**10,104,351**	13,145,377
Repayments of borrowings	**(8,293,867)**	(12,067,411)
Addition from acquisition of a subsidiary under common control	**–**	13,656
Payments for acquisition of subsidiary under common control	**(24,318)**	–
Payments for purchase of non-controlling interests of a subsidiary in prior years	**–**	(24,132)
Contributions from non-controlling shareholder of a subsidiary	**–**	300
Dividends paid	**(293,343)**	(134,709)
Net proceeds from issuance of long-term bonds	**–**	3,192,950
Repayments of leases liabilities	**(30,216)**	–
Bonds issuance costs	**(17,280)**	(42,000)
Interest paid	**(2,359,071)**	(2,279,409)
Net cash (used in)/generated from financing activities	**(913,744)**	1,804,622
Net increase in cash and cash equivalents	**2,989,470**	3,373,356
Cash and cash equivalents, at beginning of the period	**8,372,119**	10,175,297
Effect of foreign exchange rate changes	**405**	1,821
Cash and cash equivalents at end of the period	**11,361,994**	13,550,474

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. ORGANISATION AND PRINCIPAL ACTIVITIES

China Coal Energy Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring of China National Coal Group Corporation ("China Coal Group" or the "Parent Company") in preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Restructuring"). The Company and its subsidiaries (collectively the "Group") are principally engaged in mining and processing of coal, sales of coal, manufacturing and sales of coal chemical products, manufacturing and sales of coal mining machinery and finance services. The address of the Company's registered office is No.1 Huangsidajie, Chaoyang District, Beijing, the PRC.

The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 2006, while its A shares have been listed on the Shanghai Stock Exchange since February 2008.

These condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2.1 Going Concern

As at 30 June 2019, the Group's current liabilities exceeded its current assets by approximately RMB21,736 million. When the Group is required to repay the short-term debts or make investment, the Group can finance the fund by following ways:

- Mid-term bonds of RMB10,000 million registered with National Association of Financial Market Institutional Investors in July 2017 with expiration period of two years from registration date, the full amount can be issued when necessary. On 19 July 2019, the Company issued the mid-term bonds with principal amount of RMB5,000 million with a term of seven years and an issuing interest rate of 4.19% per annum. The Company is entitled to adjust the coupon rate at the end of the fifth year with the rights of redemption exercisable by the bond holders. The remaining RMB5,000 million registered bonds has not been issued before expiration.

- The Group's expected net cash inflows from operating activities for the next 12 months;

- Banking facilities available for draw-down of new loans when necessary; and

- Other sources of financing given the Group's credit rating and long-term relationship with reputable domestic banks and other financial institutions.

The directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing these condensed consolidated financial statements.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 2018 Acquisitions

The Group completed the acquisition from China Coal Group the 100% equity interest in SDIC Jincheng Energy Investment Co., Ltd. ("Jincheng Energy"), which was previously acquired by China Coal Group on 1 January 2017, for a cash consideration of RMB1,712,545,000 on 25 June 2018. The acquisition was referred to as the "First Half Year of 2018 Acquisition".

The Group completed the acquisition from China Coal Group the 100% equity interest in China Coal Electrical Ltd. ("China Coal Electrical") for a cash consideration of RMB257,465,000 on 21 August 2018, the 100% equity interest in China Coal Equipment Engineering Consulting Co., Ltd. ("Engineering Consulting") for a cash consideration of RMB8,620,000 on 27 August 2018, the 100% equity interest in Shanxi China Coal Resources Comprehensive Utilisation Co., Ltd. ("Shanxi China Coal Resources") for a cash consideration of RMB34,887,000 on 30 August 2018, and the 100% equity interest in China Coal Information Technology (Beijing) Co., Ltd. ("Information Technology") for a cash consideration of RMB35,000,000 on 31 August 2018. The acquisitions were collectively referred to as the "Second Half Year of 2018 Acquisitions".

The five acquisitions mentioned above were collectively referred to as the "2018 Acquisitions".

3.2 2019 Acquisition

On 1 February 2019, the Group acquired the 100% equity interest in Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. ("Dongrisheng Company") which was previously acquired by China Coal Group on 1 January 2018 for a cash consideration of RMB24,318,000. The acquisition was referred to as the "2019 Acquisition".

As the Group, Jincheng Energy, China Coal Electrical, Engineering Consulting, Shanxi China Coal Resources, Information Technology and Dongrisheng Company were under common control of China Coal Group before and after the 2018 Acquisitions and the 2019 Acquisition, the acquisitions are considered as business combinations under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the condensed consolidated financial statements of the Group have been prepared as if Jincheng Energy, China Coal Electrical, Engineering Consulting, Shanxi China Coal Resources, Information Technology and Dongrisheng Company were subsidiaries of the Company ever since they became under common control of China Coal Group.

Respective notes to the condensed consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

3.3 Impacts of business combinations under common control

As a result of the 2019 Acquisition, the relevant line items in the condensed consolidated statement of financial position as at 31 December 2018 have been restated. The following table shows the effect for each individual line item affected:

	The Group (as previously reported)	Effect of the 2019 Acquisition	Eliminations	The Group (restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Condensed consolidated statement of financial position at 31 December 2018:				
Non-current assets				
Property, plant and equipment	131,907,922	174,421	–	132,082,343
Current assets				
Inventories	8,252,752	27,011	–	8,279,763
Trade receivables	4,881,389	366,767	(366,767)	4,881,389
Prepayments and other receivables	7,445,110	18	(513,329)	6,931,799
Cash and cash equivalents	8,353,662	18,457	–	8,372,119
Current liabilities				
Trade and notes payables	23,252,942	45,679	(366,767)	22,931,854
Accruals, advances and other payables	18,072,853	459,174	(414,329)	18,117,698
Taxes payable	1,156,547	17,132	–	1,173,679
Current portion of long-term borrowings	11,845,531	99,000	(99,000)	11,845,531
Equity				
Share capital	13,258,663	1,000	(1,000)	13,258,663
Reserves	46,303,712	–	1,000	46,304,712
Retained earnings	32,423,108	(35,311)	–	32,387,797

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

3.3 Impacts of business combinations under common control (continued)

As a result of the Second Half Year of 2018 Acquisitions and the 2019 Acquisition, the relevant line items in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six months ended 30 June 2018, have been restated. The following table shows the effect for each individual line item affected:

	The Group (as previously reported)	Reclassification	Effect of the Second Half Year of 2018 Acquisitions and the 2019 Acquisition	Eliminations	The Group (restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018:					
Revenue	50,209,981	–	147,253	(39,627)	50,317,607
Cost of sales	(40,379,900)	–	(126,523)	34,905	(40,471,518)
Selling expenses	(330,606)	–	(6,687)	–	(337,293)
General and administrative expenses	(1,923,014)	–	(36,770)	–	(1,959,784)
Other gains and losses	30,951	7,197	(14,943)	–	23,205
Impairment losses under expected credit loss model, net of reversal	–	(7,197)	–	–	(7,197)
Finance income	324,327	–	62	–	324,389
Finance costs	(2,076,218)	–	(2,419)	–	(2,078,637)
Income tax expense	(1,650,842)	–	(2,068)	–	(1,652,910)
Condensed consolidated statement of cash flows for the six months ended 30 June 2018:					
Net cash generated from (used in):					
Operating activities	8,255,938	56,375	(51,199)	–	8,261,114
Investing activities	(6,634,348)	(56,375)	(1,657)	–	(6,692,380)
Financing activities	1,772,339	–	32,283	–	1,804,622

4. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), 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 presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB 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.

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle

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

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

4.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, plant, machinery and equipment and motor vehicles, fixtures and others that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position except for the land use rights which are presented separately.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Sale and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowing within the scope of IFRS 9.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

Sale and leaseback transactions (continued)

The Group acts as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a loan receivable equal to the transfer proceeds within the scope IFRS 9.

4.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease by- lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

As a lessee (continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.90%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	723,130
Lease liabilities discounted at relevant incremental borrowing rates	538,688
Lease liabilities relating to operating leases recognised upon application of IFRS 16	538,688
Lease liabilities as at 1 January 2019	538,688
Analysed as	
Current	60,485
Non-current	478,203
	538,688

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	473,465
By class:	
Land and buildings	473,465

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. There is no material impact on the condensed consolidated financial statements of the Group for the current period.

Sales and leaseback transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, the Group applies the requirements of IFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the period, the Group had not entered into any sale and leaseback transactions acts as a seller-lessee.

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

Sales and leaseback transactions (continued)

The Group acts as a buyer-lessor

In accordance with the transition provisions of IFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of IFRS 16, the Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of IFRS 15 as a sale. During the period, the Group had not entered into any sale and leaseback transactions acts as a buyer-lessor.

The following table summarises the impact of transition to IFRS 16 on retained earnings at 1 January 2019.

	Impact of adopting IFRS 16 at 1 January 2019 *RMB'000*
Retained Earnings	
Recognition of right-of-use assets relating to operating lease	473,465
Recognition of lease liabilities relating to operating lease	(538,688)
Tax effects	16,306
Non-controlling interests	18,378
Impact at 1 January 2019	(30,539)

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

4.1.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts after restatement at 31 December 2018	**Adjustments**	**Carrying amounts under IFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
	(Note 3.2)		
Non-current Assets			
Right-of-use assets	–	473,465	473,465
Deferred income tax assets	2,838,271	16,306	2,854,577
Equity			
Retained earnings	32,387,797	(30,539)	32,357,258
Non-controlling interests	18,548,814	(18,378)	18,530,436
Current Liabilities			
Lease liability	–	60,485	60,485
Non-current Liabilities			
Lease liability	–	478,203	478,203

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

There is no impacts of applying IFRS 16 as a lessor on the Group's condensed consolidated statement of financial position as at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows for the current interim period.

5. ESTIMATES

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

6. REVENUE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Goods and services	**60,547,393**	50,202,018
Rental income	**121,403**	115,589
Interest income	**362,903**	–
	61,031,699	50,317,607

Disaggregation of revenue from goods and services:

	Six months ended 30 June 2019 (Unaudited)				
	Coal	**Coal chemical**	**Mining machinery**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Sales of goods					
Sales of coal	**45,923,100**	**–**	**–**	**–**	**45,923,100**
Sales of coal chemical products	**–**	**9,202,543**	**–**	**–**	**9,202,543**
Sales of coal mining machinery	**–**	**–**	**3,361,015**	**8,557**	**3,369,572**
Sales of electric power	**–**	**–**	**–**	**851,135**	**851,135**
Sales of aluminium product	**–**	**–**	**–**	**583,321**	**583,321**
Others	**47,947**	**11,345**	**119,888**	**84,403**	**263,583**
	45,971,047	**9,213,888**	**3,480,903**	**1,527,416**	**60,193,254**
Revenue from services					
Agent service	**6,769**	**–**	**–**	**229,420**	**236,189**
Railway service	**–**	**–**	**–**	**64,484**	**64,484**
Others	**371**	**2,382**	**13,044**	**37,669**	**53,466**
	7,140	**2,382**	**13,044**	**331,573**	**354,139**
Geographical markets					
Domestic Market	**45,783,108**	**9,000,078**	**3,493,947**	**1,857,633**	**60,134,766**
Overseas Market	**195,079**	**216,192**	**–**	**1,356**	**412,627**
	45,978,187	**9,216,270**	**3,493,947**	**1,858,989**	**60,547,393**

6. REVENUE (CONTINUED)

Disaggregation of revenue from goods and services: (continued)

	Six months ended 30 June 2018 (Unaudited) (Restated)				
	Coal *RMB'000*	Coal chemical *RMB'000*	Mining machinery *RMB'000*	Others *RMB'000*	Total *RMB'000*
Sales of goods					
Sales of coal	37,127,835	–	–	–	37,127,835
Sales of coal chemical products	–	8,578,422	–	–	8,578,422
Sales of coal mining machinery	–	–	3,040,731	–	3,040,731
Sales of electric power	–	–	–	765,626	765,626
Sales of aluminium product	–	–	–	259,833	259,833
Others	54,785	–	–	54,041	108,826
	37,182,620	8,578,422	3,040,731	1,079,500	49,881,273
Revenue from services					
Agent service	23,868	–	–	196,582	220,450
Railway service	–	–	–	68,852	68,852
Others	21,113	6,093	–	4,237	31,443
	44,981	6,093	–	269,671	320,745
Geographical markets					
Domestic Market	37,048,151	8,584,515	3,017,952	1,332,576	49,983,194
Overseas Market	179,450	–	22,779	16,595	218,824
	37,227,601	8,584,515	3,040,731	1,349,171	50,202,018

6. REVENUE (CONTINUED)

Disaggregation of revenue from goods and services: (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30 June 2019 (Unaudited)			
	Segment revenue	**Eliminations**	**Less: rental and interest income**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Coal	**48,481,358**	**(2,412,207)**	**(90,964)**	**45,978,187**
Coal-chemical products	**9,407,224**	**(190,941)**	**(13)**	**9,216,270**
Mining machinery	**4,120,192**	**(614,889)**	**(11,356)**	**3,493,947**
Finance	**543,321**	**(180,418)**	**(362,903)**	**–**
Others	**2,336,835**	**(458,776)**	**(19,070)**	**1,858,989**
Total revenue	**64,888,930**	**(3,857,231)**	**(484,306)**	**60,547,393**

	Six months ended 30 June 2018 (Unaudited) (Restated)			
	Segment revenue	Eliminations	Less: rental and interest income	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Coal	39,007,109	(1,686,902)	(92,606)	37,227,601
Coal-chemical products	8,613,623	(29,108)	–	8,584,515
Mining machinery	3,309,969	(269,238)	–	3,040,731
Others	1,687,295	(315,141)	(22,983)	1,349,171
Total revenue	52,617,996	(2,300,389)	(115,589)	50,202,018

7. SEGMENT INFORMATION

7.1 General information

(a) Factors that management used to identify the entity's operating and reportable segments

The chief operating decision maker ("CODM") has been identified as the President Office (總裁辦公會).

The Group's reportable segments are entities or group of entities that offer different products and services. The following reportable segments are presented in a manner consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. They are managed according to different nature of products and services, production process and the environment in which they are operating. Most of these entities engage in single business under one operating segment, except for a few entities dealing with a variety of operations. Financial information of entities operating more than one segment have been separately presented as discrete segment information for CODM's review.

(b) Operating and reportable segments

The Group's operating and reportable segments are coal, coal chemical products, mining machinery and finance.

- Coal – Production and sales of coal;
- Coal chemical products – Production and sales of coal chemical products;
- Mining machinery – Manufacturing and sales of mining machinery; and
- Finance – Providing deposit, loan, bill acceptance and discount and other financial services to the entities within the Group, China Coal Group and fellow subsidiaries.

In addition, segments relating to aluminium, electricity generating, equipment trading agency services, tendering services and other insignificant manufacturing businesses which are not reportable were combined and disclosed in 'others' segment category.

7. SEGMENT INFORMATION (CONTINUED)

7.2 Information about operating and reportable segment profit or loss, assets and liabilities

(a) *Measurement of operating and reportable segment profit or loss, assets and liabilities*

The CODM evaluates performance on the basis of profit or loss before income tax expense. The Group accounts for inter-segment sales and transfers as if the sales or transfers were to the third parties, i.e. at current market prices. The amounts of segment information are denominated in RMB, which is consistent with the amounts in the reports used by the CODM.

Segment assets and liabilities are those operating assets and liabilities that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities exclude deferred income tax assets, deferred income tax liabilities, taxes payable or tax advanced payment.

(b) *Operating and reportable segments' profit or loss, assets and liabilities*

	For the six months ended 30 June 2019 (Unaudited) and 30 June 2019 (Unaudited)								
	Coal *RMB'000*	Coal chemical products *RMB'000*	Mining machinery *RMB'000*	Finance *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Segment Result									
Revenue									
Total revenue	48,481,358	9,407,224	4,120,192	543,321	2,336,835	64,888,930	–	(3,857,231)	61,031,699
Inter-segment revenue	(2,412,207)	(190,941)	(614,889)	(180,418)	(458,776)	(3,857,231)	–	3,857,231	–
Revenue from external customers	46,069,151	9,216,283	3,505,303	362,903	1,878,059	61,031,699	–	–	61,031,699
Profit/(loss) from operations	7,761,540	1,334,487	165,253	355,647	(145,847)	9,471,080	(157,450)	(77,606)	9,236,024
Profit/(loss) before income tax	7,496,734	1,573,105	132,036	355,336	(199,946)	9,357,265	(922,694)	16,623	8,451,194
Interest income	39,065	24,865	6,439	–	3,468	73,837	732,950	(763,246)	43,541
Interest expense	(864,798)	(641,215)	(42,628)	–	(57,462)	(1,606,103)	(1,608,344)	858,619	(2,355,828)
Depreciation and amortisation	(2,963,572)	(1,413,634)	(201,837)	(597)	(276,147)	(4,855,787)	(8,640)	–	(4,864,427)
Share of profits/(losses) of associates and joint ventures	583,327	837,895	2,231	–	–	1,423,453	110,608	(1,302)	1,532,759
Income tax (expense)/credit	(1,733,733)	(127,758)	(14,856)	(88,872)	44,641	(1,920,578)	(52,262)	(802)	(1,973,642)
Other material non-cash items									
(Provision for)/reversal of impairment of other assets	(15,055)	(2,491)	2,309	(13,722)	1,263	(27,696)	–	16,284	(11,412)
Segment assets and liabilities									
Total assets	148,455,853	59,004,683	16,722,137	20,319,262	21,781,330	266,283,265	25,720,811	(20,175,685)	271,828,391
Include: investment in associates and joint ventures	6,571,687	11,699,611	903,411	–	98,000	19,272,709	3,534,660	–	22,807,369
Addition to non-current assets	3,469,241	868,748	196,684	488	956,351	5,491,512	2,617	–	5,494,129
Total liabilities	52,593,374	17,793,984	6,536,726	7,394,990	13,888,000	98,207,074	71,803,466	(13,780,156)	156,230,384

7. SEGMENT INFORMATION (CONTINUED)

7.2 Information about operating and reportable segment profit or loss, assets and liabilities (continued)

(b) Operating and reportable segments' profit or loss, assets and liabilities (continued)

	For the six months ended 30 June 2018 (Unaudited) (Restated) and 31 December 2018 (Audited) (Restated)								
	Coal *RMB'000*	Coal chemical products *RMB'000*	Mining machinery *RMB'000*	Finance *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Segment Result									
Revenue									
Total revenue	39,007,109	8,613,623	3,309,969	–	1,687,295	52,617,996	–	(2,300,389)	50,317,607
Inter-segment revenue	(1,686,902)	(29,108)	(269,238)	–	(315,141)	(2,300,389)	–	2,300,389	–
Revenue from external customers	37,320,207	8,584,515	3,040,731	–	1,372,154	50,317,607	–	–	50,317,607
Profit/(loss) from operations	6,522,623	1,367,550	85,799	909	(273,733)	7,703,148	(140,770)	2,642	7,565,020
Profit/(loss) before income tax	6,333,612	1,143,069	36,197	336,851	(312,146)	7,537,583	(815,927)	2,642	6,724,298
Interest income	73,019	15,965	980	410,183	1,617	501,764	726,710	(904,085)	324,389
Interest expense	(701,121)	(673,250)	(46,481)	(74,061)	(39,855)	(1,534,768)	(1,463,347)	904,085	(2,094,030)
Depreciation and amortisation	(1,971,843)	(1,142,481)	(191,282)	(626)	(232,416)	(3,538,648)	(7,750)	–	(3,546,398)
Share of profits/(losses) of associates and joint ventures	422,356	433,250	(3,440)	–	–	852,166	61,360	–	913,526
Income tax (expense)/credit	(1,388,950)	(156,983)	(8,658)	(84,473)	(43,046)	(1,682,110)	34,887	(5,687)	(1,652,910)
Other material non-cash items									
Other material non-cash items (provision for)/ reversal of impairment of other assets	(6,968)	462	(9,129)	8,521	(21,443)	(28,557)	–	(7,821)	(36,378)
Segment assets and liabilities									
Total assets	145,596,933	60,726,406	17,220,229	15,632,596	14,618,717	253,794,881	25,512,160	(15,034,225)	264,272,816
Include: investment in associates and joint ventures	4,343,437	10,893,841	902,483	–	(5,267)	16,134,494	3,692,211	–	19,826,705
Addition to non-current assets	11,261,351	859,377	769,342	4	1,095,116	13,985,190	32,702	–	14,017,892
Total liabilities	48,609,525	22,534,456	7,357,100	9,125,889	6,342,280	93,969,250	70,569,580	(10,766,000)	153,772,830

7. SEGMENT INFORMATION (CONTINUED)

7.3 Geographical information

Analysis of revenue

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Domestic markets	**60,619,072**	50,098,783
Overseas markets	**412,627**	218,824
	61,031,699	50,317,607

Note:

Revenue is attributed to countries on the basis of the customer's location.

Analysis of non-current assets

	30 June	31 December
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
		(Restated)
Domestic	**205,181,821**	201,170,188
Overseas	**1,010**	364
	205,182,831	201,170,552

Note:

The non-current assets above exclude financial instruments and deferred income tax assets.

No revenue from transaction with single external customer was amounted to 10%, or more of the Group's revenue for the six months ended 30 June 2019 and 2018.

8. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and general and administrative expenses are analysed below:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Depreciation	**4,571,771**	3,268,787
Amortisation	**292,656**	277,611
Materials used and goods traded	**29,712,857**	25,594,547
Transportation costs and port expenses	**6,317,288**	4,785,421
Sales tax and surcharges	**1,820,390**	1,344,718
Auditors' remuneration	**6,321**	2,000
Repairs and maintenance	**764,291**	688,298
Lease rentals *(Note)*	**33,113**	49,254
Employee benefit expense (including directors' emoluments)	**3,638,879**	3,252,623
Provision for impairment of inventories	**9,316**	20,224
Other expenses	**4,683,110**	3,485,112
Total cost of sales, selling expenses and general and administrative expenses	**51,849,992**	42,768,595

Note:

The lease rentals for the current period mainly consist of expenses related to short-term leases which the Group has been applied the recognition exemption under IFRS16.

9. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Government grants	**85,321**	69,242
Gains on disposal of an associate	**–**	380
Loss on disposal of property, plant and equipment	**(5,231)**	(38,513)
Impairment loss of non-current assets classified as held for sale	**–**	(8,957)
Others	**(23,677)**	1,053
	56,413	23,205

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Impairment losses recognised on:		
– Trade receivables	**10,816**	2,323
– Other receivables	**(3,423)**	(10,220)
– Contract assets	**(2,771)**	–
– Loans to the fellow subsidiaries	**(6,718)**	700
	(2,096)	(7,197)

The basis of determining the inputs and assumptions and the estimation techniques 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.

11. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Finance income:		
– interest income on bank deposits	**43,541**	238,163
– interest income on loans to related parties	**–**	86,226
Total finance income	**43,541**	324,389
Interest expense:		
– Bank borrowings	**1,676,160**	1,821,002
– Long-term and short-term bonds	**895,949**	721,037
– Unwinding of discount	**89,331**	76,120
– Lease liabilities	**13,591**	–
Other incidental bank charges	**8,664**	3,657
Net foreign exchange gains	**(3,362)**	(19,050)
Finance costs	**2,680,333**	2,602,766
Less: amounts capitalised on qualifying assets	**(319,203)**	(524,129)
Total finance costs	**2,361,130**	2,078,637
Finance costs, net	**2,317,589**	1,754,248

Note:

Finance costs capitalised on qualifying assets are related to funds borrowed for the purpose of obtaining qualifying assets. Capitalisation rates on such borrowings were as follows:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**3.43%-5.70%**	3.28%-5.63%

12. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax		
– PRC enterprise income tax *(Note)*	**2,004,014**	1,413,172
Deferred income tax *(Note 29)*	**(30,372)**	239,738
	1,973,642	1,652,910

Note:

The applicable income tax rate in both periods is 25% of the assessable income of each of the companies now comprising the Group, except for certain subsidiaries which are taxed at preferential tax rate of 15% based on the relevant PRC tax laws and regulations.

13. DIVIDENDS

During the current interim period, a final dividend of RMB0.078 per share in respect of the year ended 31 December 2018 (six month ended 30 June 2018:RMB0.055 per share in respect of the year the year ended 31 December 2017), comprising 13,258,663,400 shares existed as at 31 December 2018 was approved at the annual general meeting of the Company held on 28 June 2019. The aggregate amount of the final dividend approved in the current interim period amounted to RMB1,034,177,000 (2017 final dividend approved during the six months ended 30 June 2018: RMB724,328,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2018: nil).

14. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2019 and 2018 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,400 ordinary shares in issue during both periods.

As the Company had no potential ordinary shares in issue for the six months ended 30 June 2019 and 2018, diluted earnings per share are presented equals to basic earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Opening net book amount (restated)	**132,082,343**	130,501,423
Addition from acquisition of a subsidiary under common control	**–**	243,317
Additions	**5,357,967**	4,310,365
Disposals	**(85,016)**	(312,800)
Net income from mine trial run	**–**	(913,895)
Depreciation charges	**(4,488,472)**	(3,438,662)
Closing net book amount	**132,866,822**	130,389,748

Note:

Bank borrowings are secured on property, plant and equipment for the value of RMB2,551,048,000 (31 December 2018: RMB4,975,872,000).

16. LAND USE RIGHTS

	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Opening net book amount	**5,320,455**	5,019,707
Additions	**8,695**	42,729
Amortisation charges	**(69,434)**	(60,475)
Closing net book amount	**5,259,716**	5,001,961

Note:

Bank borrowings are secured on land use rights for the value of RMB71,875,000 (31 December 2018: RMB72,741,000).

17. MINING RIGHTS

	30 June 2019 *RMB'000* **(Unaudited)**	30 June 2018 *RMB'000* (Unaudited)
Opening net book amount	**35,552,718**	32,784,227
Additions	**–**	828,334
Disposal	**(38,876)**	–
Amortisation charges	**(214,911)**	(134,236)
Closing net book amount	**35,298,931**	33,478,325

18. INTANGIBLE ASSETS

	30 June 2019 *RMB'000* **(Unaudited)**	30 June 2018 *RMB'000* (Unaudited)
Opening net book amount	**1,689,402**	1,715,351
Additions	**29,013**	18,780
Disposal	**(826)**	(129)
Amortisation charge	**(72,766)**	(61,369)
Closing net book amount	**1,644,823**	1,672,633

19. OTHER NON-CURRENT ASSETS

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Prepayments for investments in subsidiaries *(Note (a))*	**3,454,402**	3,428,559
Prepayments for mining rights *(Note (b))*	**1,015,000**	1,015,000
Prepayments for constructions in progress and equipment	**28,587**	68,533
Prepayments for land use rights *(Note (b))*	**503,806**	517,410
Deductible value added tax	**942,082**	615,391
Loans to fellow subsidiaries *(Note (c))*	**1,608,799**	580,497
Prepaid income tax	**–**	37,149
Others	**510,789**	509,650
Total	**8,063,465**	6,772,189

Notes:

(a) In line with the Group's strategy of expanding its coal resources, the Group has entered into a series of agreements for the acquisitions and restructuring of several local coal mines. As the relevant legal procedures are still in process, such payments are recorded as other non-current assets.

(b) As the relevant legal procedures related to mining rights licenses and land use certificate are still in process, such payments are recorded as other non-current assets. These prepayments will be recorded under mining rights and land use rights, respectively upon completion of related legal procedures.

(c) The loans to fellow subsidiaries are unsecured and repayable after 12 months from the balance sheet date with the interest rates of 4.41%-5.94% (31 December 2018: 4.75%-5.94%) per annum. Included in the carrying amount of the loans to fellow subsidiaries as at 30 June 2019 is accumulated impairment losses of RMB24,895,000 (31 December 2018: RMB10,198,000).

20. INVENTORIES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited) (Restated)
Coal	**924,984**	891,976
Machinery for sale	**3,646,710**	4,190,228
Coal chemical products	**519,541**	580,148
Auxiliary materials, spare parts and tools	**2,748,380**	2,617,411
	7,839,615	8,279,763

Note:

The allowance of inventories of the Group amounted to RMB309,874,000 as at 30 June 2019 (31 December 2018: RMB319,170,000).

21. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited) (Restated)
Trade receivables	**7,529,251**	4,881,389
Debt instruments at FVTOCI	**8,592,159**	9,989,407

21. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI") (CONTINUED)

Notes:

(a) Aging analysis of trade receivables based on invoice date on each balance sheet date is as follows:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited) (Restated)
Within 6 months	**5,404,821**	3,286,553
6 months – 1 year	**1,325,829**	614,024
1 – 2 years	**394,488**	431,317
2 – 3 years	**196,133**	364,146
Over 3 years	**763,071**	754,721
Trade receivables, gross	**8,084,342**	5,450,761
Less: Impairment of receivables	**(555,091)**	(569,372)
Trade receivables, net	**7,529,251**	4,881,389

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, domestically and internationally dispersed.

The Group does not hold any collateral as security.

Trade receivables from related parties are unsecured, interest free and repayable within one year in accordance with the relevant contracts entered into between the Group and the related parties.

(b) The carrying amounts of trade receivables are denominated in the following currencies:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited) (Restated)
RMB	**7,528,866**	4,881,013
USD	**385**	376
	7,529,251	4,881,389

21. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI") (CONTINUED)

Notes: (continued)

(c) The carrying amounts of trade receivables approximate to their fair values.

(d) Debt instruments at FVTOCI is the notes receivables which were considered to be held within a business model whose objective is achieved by both collective contractual cash flows and selling of those assets. The notes receivables are principally bank accepted notes with maturity of less than one year (31 December 2018: less than one year).

(e) As at 30 June 2019, debt instruments at FVTOCI of RMB144,922,000 (31 December 2018: RMB272,596,000) were pledged to banks for notes payables amounting to RMB144,881,000 (31 December 2018: RMB264,810,000).

As at 30 June 2019, debt instruments at FVTOCI of RMB3,984,000 (31 December 2018: RMB996,000) were pledged to banks for short term loan amounting to RMB4,000,000 (31 December 2018: RMB1,000,000).

As at 30 June 2019, trade receivables of RMB200,000,000 (31 December 2018: RMB200,000,000) were pledged to banks for long-term borrowings amounting to RMB67,500,000 (31 December 2018: RMB90,000,000).

(f) Transfers of financial assets

As at 30 June 2019, debt instruments at FVTOCI of RMB3,984,000 (31 December 2018: RMB996,000) and RMB1,252,346,000 (31 December 2018:RMB1,335,416,000) were discounted to banks and endorsed to suppliers of the Group, but were not derecognised as the Group has not transferred the significant risks and rewards relating to those notes.

As at 30 June 2019, the Group endorsed and discounted debt instruments at FVTOCI of RMB3,046,326,000 (31 December 2018: RMB3,401,174,000) to suppliers and banks. In accordance with the relevant laws in the PRC, the holders of these notes have a right of recourse against the Group if the issuing banks default payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes, and accordingly derecognised the full carrying amounts of these notes and associated accounts payables.

The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivable equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes are not significant.

22. CONTRACT ASSETS

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets – sales of coal mining machinery	**910,438**	1,014,869
Current	**910,438**	1,014,869

The contract assets primarily relate to the Group's right to consideration for coal mining machinery delivered but not billed because the rights are conditional mainly on obtaining the customers' testing certificate as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables in 12 months.

23. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited) (Restated)
Advances to suppliers	**1,669,591**	1,630,744
Interest receivable	**218,255**	161,660
Dividends receivable	**432,532**	281,888
Loans to the Parent Company and fellow subsidiaries *(Note (a))*	**1,782,236**	2,425,308
Other amounts due from related parties, gross *(Note (b))*	**749,605**	753,493
Other amounts due from third parties, gross	**1,795,225**	2,177,844
	6,647,444	7,430,937
Less: Impairment of prepayment and other receivables	**(586,937)**	(499,138)
Prepayments and other receivables, net	**6,060,507**	6,931,799

Notes:

(a) The loans to the Parent Company and fellow subsidiaries are unsecured and repayable within 12 months from the balance sheet date with the interest rates ranging from 4.5675% to 5.655% (31 December 2018: 4.35% to 5.655%) per annum.

(b) Other amounts due from related parties are unsecured, interest-free and repayable on demand.

24. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the deposits set aside for the transformation fund and the environmental protection fund as required by the regulations, deposits pledged for issuance of notes payable and the mandatory reserve deposits in the People's Bank of China.

25. TRADE AND NOTES PAYABLES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited) (Restated)
Trade payables *(Note)*	**20,207,419**	18,755,680
Notes payables	**3,598,251**	4,176,174
	23,805,670	22,931,854

Note:

Aging analysis of trade payables based on invoice date on the balance sheet date is as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited) (Restated)
Less than 1 year	**15,457,456**	14,596,898
1 – 2 years	**1,672,391**	1,191,482
2 – 3 years	**508,964**	542,733
Over 3 years	**2,568,608**	2,424,567
	20,207,419	18,755,680

26. ACCRUALS, ADVANCES AND OTHER PAYABLES

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited) (Restated)
Payable for acquisition of subsidiaries	**456,709**	460,637
Payable for compensation for local mining companies	**206,522**	328,770
Dividends payable	**1,156,753**	259,730
Payables for site restoration	**70,765**	175,711
Mineral and water resource compensation payable	**62,841**	39,331
Salaries and staff welfare payable	**1,735,450**	1,578,397
Interest payable	**1,221,962**	1,003,540
Commission payable *(Note 28)*	**130,200**	123,000
Payables for mining rights	**534,411**	503,918
Advance from a non-controlling shareholder of a subsidiary	**247,611**	217,349
Contractor's deposits	**134,553**	227,483
Deposits from fellow subsidiaries *(Note (a))*	**7,244,776**	8,979,014
Other amounts due to related parties *(Note (b))*	**579,431**	529,648
Other amounts due to third parties	**2,245,601**	1,917,337
Other tax payable	**1,046,763**	1,773,833
	17,074,348	18,117,698

Notes:

(a) The balance represents fellow subsidiaries' deposits in the saving account at China Coal Finance Company Limited ("China Coal Finance"), a 91% owned subsidiary of the Company. The deposits are unsecured and payable on demand or due within 12 months from the balance sheet date, with interest rates ranged from 0.35% to 2.25% (31 December 2018: 0.35% to 3.15%) per annum.

(b) Other amounts due to related parties are unsecured, interest-free and payable on demand.

27. BORROWINGS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited) (Restated)
Short-term borrowings		
Bank loans and loans from other financial institutions and non-controlling shareholders of subsidiaries		
– Secured	**24,000**	21,000
– Guaranteed	**120,000**	130,000
– Unsecured	**7,069,677**	6,156,547
	7,213,677	6,307,547
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	**1,321,260**	1,984,070
– Guaranteed	**1,113,650**	1,391,494
– Unsecured	**55,671,786**	53,625,023
	58,106,696	57,000,587
Loans from non-controlling interests		
– Unsecured	**218,728**	162,000
	58,325,424	57,162,587
Less: amount due within one year under current liabilities	**(24,286,431)**	(11,845,531)
	34,038,993	45,317,056
Total borrowings	**65,539,101**	63,470,134

27. BORROWINGS (CONTINUED)

The movements in borrowings are analysed below:

	30 June 2019 *RMB'000* **(Unaudited)**	30 June 2018 *RMB'000* (Unaudited) (Restated)
Opening balance	**63,470,134**	66,093,516
Additions	**10,104,351**	13,145,168
Payments	**(8,293,867)**	(12,168,295)
Others	**258,483**	–
Closing balance	**65,539,101**	67,070,389

28. LONG-TERM BONDS

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Bonds payable	**33,878,913**	33,843,146
Commission payable	**154,200**	171,000
	34,033,113	34,014,146
Less：current portion of long-term bonds	**5,987,680**	5,979,779
current portion of commission payable *(Note 26)*	**130,200**	123,000
Long-term bonds	**27,891,233**	27,863,367
Commission payable – non-current	**24,000**	48,000
	27,915,233	27,911,367

The bonds are initially recognised at the amount of the total proceeds net of the commission paid or payable on the date of issuance. The accrued interest and the current portion of commission payable are recorded in accruals, advances and other payables.

29. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements in deferred income tax assets and liabilities during the period, without taking into account the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets	**Deferred income tax liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance at 1 January 2019 (Restated)	**3,550,835**	**(6,625,441)**	**(3,074,606)**
(Charged)/credited to profit or loss	**(9,624)**	**39,996**	**30,372**
Charged to other comprehensive income	**(6,391)**	**(266)**	**(6,657)**
Closing balance at 30 June 2019 (Unaudited)	**3,534,820**	**(6,585,711)**	
Offset amount	**(675,737)**	**675,737**	
	2,859,083	**(5,909,974)**	
Opening balance at 1 January 2018 (Restated)	2,812,139	(6,053,108)	(3,240,969)
Credited/(charged) to profit or loss	334,265	(574,003)	(239,738)
(Charged)/credited to other comprehensive income	(4,050)	13,228	9,178
Closing balance at 30 June 2018 (Unaudited)	3,142,354	(6,613,883)	
Offset amount	(637,687)	637,687	
	2,504,667	(5,976,196)	

30. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	30 June 2019 *RMB'000* **(Unaudited)**	30 June 2018 *RMB'000* (Unaudited)
Opening balance	**1,463,575**	1,365,798
Interest charge on unwinding of discounts	**27,551**	20,031
Provisions *(Note)*	**848,420**	16,712
Reversal	**–**	(52,379)
Payments	**–**	(25,090)
Closing balance	**2,339,546**	1,325,072
Less: current portion	**(48,221)**	(18,451)
	2,291,325	1,306,621

Note:

The Group re-estimated the mine geological restoration and environmental cost mainly according to the updated Implementing Rules of Mine Geological Environment Protection and Land Reclamation Scheme released by certain provinces in PRC during the current period.

31. SHARE CAPITAL

	Number of shares *(thousands)*	**Share capital** *RMB'000*
At 1 January 2018, 31 December 2018 and 30 June 2019		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	7,605,208	7,605,208
– held by other shareholders	1,546,792	1,546,792
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	132,351	132,351
– held by other shareholders	3,974,312	3,974,312
	13,258,663	13,258,663

There is no movement in the Company's issued share capital during the six months ended 30 June 2019 and 2018.

(a) The A shares rank pari passu, in all material respects, with the H shares.

(b) As at 30 June 2019 and 31 December 2018, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing approximately 1.00% of the Company's total share capital.

32. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before income tax to cash generated from operations

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit before income tax	**8,451,194**	6,724,298
Adjustments for:		
Depreciation charged	**4,571,771**	3,268,787
Amortisation charged	**292,656**	277,611
Loss on disposal of property, plant and equipment	**5,231**	38,513
(Reversal of)/provision for impairment of receivables	**(7,393)**	7,897
Provision for impairment of non-current assets classified as held for sale	**–**	8,957
Provision for/(reversal of) impairment of loans to fellow subsidiaries	**6,718**	(700)
Provision for impairment of contract assets	**2,771**	–
Provision for impairment of inventories	**9,316**	20,224
Provision for/(reversal of) close down, restoration, and environmental costs	**34,751**	(35,667)
Share of profits of associates and joint ventures	**(1,532,759)**	(913,526)
Net foreign exchange gains	**(3,362)**	(19,050)
Gains on disposal of an associate	**–**	(380)
Interest income on term deposits with initial terms of over three months and loans receivables	**(314,234)**	(163,438)
Interest expense	**2,355,828**	2,094,030
Operating cash flows before movements in working capital	**13,872,488**	11,307,556
Changes in working capital:		
Inventories	**435,683**	(73,417)
Trade receivables/debt instruments at FVTOCI	**(2,201,880)**	822,493
Contract assets	**101,660**	(422,485)
Prepayments and other receivables	**304,487**	(647,127)
Trade and notes payables	**1,193,609**	39,750
Accruals, advance and other payables	**(982,021)**	(152,970)
Contract liabilities	**(512,119)**	(869,060)
Cash generated from operations	**12,211,907**	10,004,740

33. CONTINGENT LIABILITIES

The Group is defendant in a number of lawsuits arising in the ordinary course of business. While the outcomes of such lawsuits cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

34. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the balance sheet date but not yet incurred is as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**3,535,617**	3,870,828
Mining rights	**235,000**	235,000
Mine capacity replacement quota	**935,134**	–
	4,705,751	4,105,828

(b) Investment commitments

According to the agreement entered into on 29 June 2011 among the Company, Yima Coal Industry Group Company Limited and Shanxi Haizi Jiaohua Company Limited ("Haizi Jiaohua"), by 30 June 2019 the Company has paid RMB168 million to Haizi Jiaohua as part of the consideration to acquire 51% interests of exploration or mining rights and related interests in coal reserve in Shanxi Puxian China Coal Jinchang Mining Company Limited and committed to pay the remaining consideration of RMB311 million in the future when certain conditions are fulfilled.

According to the agreement entered into on 29 June 2011 between the Company and Haizi Jiaohua, by 30 June 2019, the Company has paid RMB259 million to Haizi Jiaohua as part of the consideration to acquire 63% interests of exploration or mining rights and related interests in coal reserve in Shanxi Puxian China Coal Yushuo Mining Company Limited and committed to pay the remaining consideration of RMB481 million in the future when certain conditions are fulfilled.

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic") was established by the Company, China Petroleum & Chemical Corporation and other three companies. As a 38.75% shareholder, by 30 June 2019 the Company has invested RMB6,787 million in Zhongtian Synergetic and is committed to further invest RMB481 million by instalments in the future.

34. COMMITMENTS (CONTINUED)

(b) Investment commitments (continued)

According to the agreement entered into on 28 May 2008, Mengji Railway Company Limited (“Mengji Railway”) was established by the Company, Hohhot Railway Bureau and other seven companies. As a 5% shareholder, by 30 June 2019 the Company has invested RMB1,477 million in Mengji Railway and is committed to further invest RMB23 million by instalments in the future.

According to the agreement entered into in October 2014, Shanxi Jingshen Railway Company Limited (“Jingshen Railway”) was established by the subsidiary of the Company, China Coal Shaanxi Yulin Energy & Chemical (“Shaanxi Yulin”), Shaanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and other six companies. As a 4% shareholder, by 30 June 2019 Shaanxi Yulin has invested RMB14 million in Jingshen Railway and is committed to further invest RMB108 million in the future.

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

35.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group historically has no fixed policy to use derivatives for hedging purposes. The majority of the financial instruments held by the Group are for purposes other than trading.

The condensed consolidated financial statements do not include all financial risk management 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 2018.

There have been no changes in the risk management since year end.

35.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.3 Fair value estimation

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	30 June 2019	31 December 2018		
	RMB'000	*RMB'000*		
	(Unaudited)	(Audited)		
1) Listed equity instruments at FVTOCI	**26,878**	25,565	Level 1	Quoted bid prices in an active market.
2) Debt instruments at FVTOCI	**8,592,159**	9,989,407	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period.
3) Unlisted equity instruments at FVTOCI	**2,280,427**	4,538,286	Level 3	Income approach-the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. Market approach-valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investment and the referenced comparables.

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.3 Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Opening balance	**4,538,286**	3,707,613
Additions	**50,000**	–
Transfer to investments in associates	**(2,265,793)**	–
Fair value change recognised in other comprehensive income	**(42,066)**	(131,062)
Others	**–**	(71,663)
Closing balance	**2,280,427**	3,504,888

Included in other comprehensive income is loss of RMB42,066,000 (six months ended 30 June 2018: RMB131,062,000) relating to unlisted equity securities designated as at FVTOCI held at the end of the current reporting period and is reported as changes of 'other reserves'.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.4 Fair value of financial assets and financial liabilities measured at amortised cost

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair value.

	As at 30 June 2019		As at 31 December 2018	
	Carrying amount	**Carrying Fair value**	amount	Fair value
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)		(Audited)	
Long-term borrowings (Level 2)	**34,038,993**	**34,335,733**	45,317,056	45,624,922
Long-term bonds (Level 1)	**33,902,913**	**35,652,678**	33,891,146	35,466,685

The fair value of long-term borrowings was determined based on discounted cash flows and the key input is the discount rate that reflects the credit risk of the issuers. The fair value of long-term bonds was based on quoted market price.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with the PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries

In addition to those disclosed elsewhere in the condensed consolidated financial statements, the following transactions were carried out with related parties:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Transactions with the Parent Company and fellow subsidiaries:		
Coal Export and Sales Agency (i)		
Agency fees for coal export and sales to the Parent Company	**200**	–
Integrated Material and Services Mutual Provision (ii)		
Purchase of production material, machinery and equipment from the Parent Company and fellow subsidiaries	**1,578,925**	1,497,972
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**32,339**	29,031
Sales of production material, machinery and equipment to the Parent Company and fellow subsidiaries	**394,545**	445,820
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**2,786**	10,132
Mine Construction, Design and General Contracting Service (iii)		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**660,620**	746,145
Property Leasing (iv) (vi)		
Property leasing expenses to the Parent Company and fellow subsidiaries	**23,255**	38,767
Land Use Rights Leasing (v) (vi)		
Land use rights leasing expenses to the Parent Company and fellow subsidiaries	**–**	24,569
Coal Supplies (vii)		
Coal purchased from the Parent Company and fellow subsidiaries	**1,564,217**	2,385,160
Financial services (viii)		
Loans provided to the Parent Company and fellow subsidiaries	**1,849,000**	2,280,000
Loans repayment received from the Parent Company and fellow subsidiaries	**1,457,001**	2,414,864
Deposits paid to the Parent Company and fellow subsidiaries	**1,733,783**	1,576,782
Interest paid/payable to the Parent Company and fellow subsidiaries	**46,467**	17,098
Interest received/receivable from the Parent Company and fellow subsidiaries	**79,640**	80,744
Fee paid for use of trademark (ix)	**RMB1**	RMB1

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Transactions with joint ventures of the Group:		
Sales and services provided		
Sales of machinery and equipment	**–**	1,109
Financial services		
Loans repayment received	**–**	300,000
Interest income	**–**	5,482
Transactions with associates of the Group:		
Sales and services provided		
Sales of machinery and equipment	**87,146**	176,900
Railway rental income	**71,588**	61,223
Sales of coal	**1,003,117**	767,928
Income from providing labor services	**36,511**	47,078
Sales of production material and ancillary services	**–**	31
Agency income	**2,791**	–
Purchase of goods and services		
Purchases of coal	**992,427**	594,278
Purchases of materials and spare parts	**3,817**	136,197
Transportation services purchased	**131,272**	142,229
Receiving social services, railway custody service, construction and technical services	**184,161**	179,527
Transactions with a substantial shareholder of a significant subsidiary:		
Sales and services provided (x)		
Sales of coal	**281,234**	279,617
Transactions with a primary shareholder with significant influence over a subsidiary:		
Sales and services provided		
Sales of coal	**–**	9,664

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

Loan guarantees to associates and joint ventures of the Group

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Loan guarantees to		
– Associates	**13,658,228**	13,940,589
– Joint ventures	**267,500**	298,500
Total	**13,925,728**	14,239,089

Commitments to the Parent Company and fellow subsidiaries

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
With the Parent Company and fellow subsidiaries		
– Purchases of goods	**439,300**	–
– Purchases of services	**1,004,988**	603,877
– Mine capacity replacement quota	**574,034**	–
Total	**2,018,322**	603,877

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

Notes:

(i) Under relevant PRC laws and regulations, coal exports shall only be made through one of four authorised PRC enterprises including China Coal Group. The Company appointed China Coal Group as its coal export sales agent under a Coal Export and Sales Agency Framework Agreement entered into on 5 September 2006. Pursuant to the agreement, the agency fee is determined based on market price and the agency fee for the coal exports and sales to the China Taiwan market is extra plus USD0.5 per ton of coal products sold. The agency fees are payable on a monthly basis, effective from 31 December 2008. The agreement has been renewed to extend the term to 31 December 2020.

(ii) The Company and China Coal Group entered into Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material supplies and ancillary services, and the Company also provides to China Coal Group export-related services. The Company and China Coal Group entered into Supplementary Agreement to Integrated Materials and Services Mutual Provision Framework Agreement on 31 December 2012. Pursuant to the agreement, the service fee is 65% of the actual export agency fee charged by China Coal Group in respect of each ton of coal products exported. The above two agreements had been renewed to extend the term to 31 December 2020.

(iii) The Company and China Coal Group entered into Mine Construction and Design Framework Agreement on 5 September 2006, followed with contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extend this contract and change its name to Project Design, Construction and General Contracting Framework Agreement when the contract is due on 31 December 2011. The deal mainly includes:

- China Coal Group provides the Company with engineering design, construction and general contracting;
- China Coal Group undertakes projects which the Company subcontracts;
- For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding;
- The agreement is valid up to 31 December 2014.

The agreement has been renewed to extend the term to 31 December 2020.

(iv) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three year based on market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective till December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, and a cap of annual lease payment of RMB111,040,000 for 2018 to 2020.

(v) The Company and China Coal Group entered into a Land Use Rights Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases certain land use rights in the PRC from China Coal Group for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three year based on market price. This agreement is effective for 20 years. The cap of annual lease payment for 2018 to 2020 is RMB56,090,000.

(vi) The leasing expenses for the current interim period represent the expenses relating to short-term leases under recognition exemption and amounts for the prior period represent rental fees paid and payable to the Parent Company and fellow subsidiaries.

As at 30 June 2019, the right-of-use assets include property and land use rights leased from the Parent Company and its fellow subsidiaries amounting to RMB446,053,000, and the associated lease liabilities amounting to RMB513,499,000.

(vii) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 5 September 2006, pursuant to which China Coal Group will sell all coal products produced from its retained mines exclusively to the Company, and has undertaken not to sell any such coal products to any third party. The agreement has been renewed to extend the term to 31 December 2020.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

Notes: (continued)

(viii) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 18 March 2014, under which the Company provides financial services to China Coal Group within its business scope. This agreement was effective until 31 December 2014, and had been renewed to extend the term to 31 December 2020.

(ix) The Company and China Coal Group entered into a Trademark License Framework Agreement on 5 September 2006, under which the Company is authorised to use partial registered trademarks at the cost of RMB1. This agreement is valid for 10 years, taking effect from 22 August 2006. This agreement has been renewed on 23 August 2016 to extend the term to 22 August 2026.

(x) The Company and Shanxi Coking Coal Group Co., Limited ("Shanxi Coking Coal Group") entered into the Coal and Coal Related Products and Services Supply Agreement on 23 October 2014, under which the Group purchases the coal and coal related products and accepts services from Shanxi Coking Coal Group and its subsidiaries and Shanxi Coking Coal Group and its subsidiaries purchases the coal and coal related products and accepts services from the Group. The agreement had been renewed to extend the term to 31 December 2020.

Pursuant to the Coal and Coal Related Products and Services Supply Agreement, the prices will be based on the following pricing policy and order:

- as for the infrastructural project and procurement of coal mining facilities, the price shall be arrived by bidding process; and
- as for the supply of coal, the price shall be in accordance with the relevant market price.

(b) Transactions with other government-related entities in the PRC

Apart from transactions with China Coal Group, fellow subsidiaries, associates and joint ventures of the Group, a substantial shareholder of a significant subsidiary and a primary shareholder with significant influence over a subsidiary, the Group has collectively, but not individually significant transactions with other government-related entities, which include but are not limited to the following:

- Sales of coal;
- Sales of machinery and equipment;
- Purchases of coal;
- Purchases of materials and spare parts;
- Purchases of transportation services;
- Bank balances and borrowings;
- Lease of assets; and
- Retirement benefit plans.

These transactions are conducted in the ordinary course of the Group's business. The Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel emoluments

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Key management compensation		
Salary, allowances and other benefits		
– Directors and supervisors	**1,152**	1,003
– Other key management	**1,304**	1,195
	2,456	2,198
Pension costs-defined contribution plans		
– Directors and supervisors	**77**	70
– Other key management	**166**	230
	243	300

Company Profile

Statutory Chinese Name of the Company	中國中煤能源股份有限公司
Abbreviated Statutory Chinese Name of the Company	中煤能源股份
Statutory English Name of the Company	China Coal Energy Company Limited
Abbreviated Statutory English Name of the Company	China Coal Energy
Legal Representative of the Company	Li Yanjiang

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

Name of Secretary to the Board	Yi Baohou
Contact Address of Secretary to the Board	Securities Affairs Department, China Coal Energy Company Limited, No. 1 Huangsidajie, Chaoyang District, Beijing, China
Contact Telephone Number of Secretary to the Board	(8610)-82236028
Fax Number of Secretary to the Board	(8610)-82256479
E-mail Address of Secretary to the Board	IRD@chinacoal.com

BASIC INFORMATION ABOUT THE COMPANY

Registered Address and Office Address of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, the PRC
Post Code	100120
Internet Website	http://www.chinacoalenergy.com
Email Address	IRD@chinacoal.com
Newspapers Designated for Information Disclosure	Shanghai Securities Journal, Securities Times
Internet Website Designated by CSRC for Publication of Periodical Reports	http://www.sse.com.cn
Internet Website Designated by The Stock Exchange of Hong Kong Limited for Publication of Periodical Reports	http://www.hkex.com.hk
Location for Inspection of Periodical Reports of the Company	Securities Affairs Department, China Coal Energy Company Limited, No. 1 Huangsidajie, Chaoyang District, Beijing, China

BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

Type of shares	Stock Exchange for listing of shares	Short name of stock	Stock code	Short name of stock before change
A Shares	Shanghai Stock Exchange	中煤能源	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898	

Authorised Representatives of the Company	Niu Jianhua, Yi Baohou
Company Secretary	Yi Baohou

Company Profile

ACCOUNTING FIRMS OF THE COMPANY

Domestic accounting firm of the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address of the domestic accounting firm of the Company	30/F, Bund Center, 222 Yan An Road East, Huangpu District, Shanghai, the PRC
International accounting firm of the Company	Deloitte Touche Tohmatsu
Office address of the international accounting firm of the Company	35/F, One Pacific Place, 88 Queensway, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact address	17/F, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

A Share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Contact Address	36/F, China Insurance Building, 166 Lujiazui East Avenue, Pudong New District, Shanghai, China
H Share Registrar	Computershare Hong Kong Investors Services Limited
Contact Address	Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings:

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Director(s)	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisor(s)	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
China Coal Yuanxing Company	China Coal Inner Mongolia Yuanxing Energy Chemical Company Limited
Xinji Energy/ China Coal Xinji Company	China Coal Xinji Energy Co., Ltd.
Nalin River No. 2 Coal Mine	Nalin River No. 2 Coal Mine Project of Wushenqi Mengda Mining Company Limited
Muduchaideng Coal Mine	Muduchaideng Coal Mine Project of Ordos Yihua Mining Resources Company Limited
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Co., Ltd.
Xiaohuigou Coal Mine	Xiaohuigou Coal Mine Project of Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Co., Ltd.
Low Quality Coal Comprehensive Utilization Project	Pingshuo Low Quality Coal Comprehensive Utilization Demonstrative Project
Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas	the technological transformation project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited
Pingshuo Company	China Coal Pingshuo Group Company Limited

Definitions

China Coal Huajin Company	China Coal Huajin Energy Group Limited
Longhua Company	China Coal Heilongjiang Coal Chemical Company Limited
China Coal Finance Company	China Coal Finance Co., Ltd.
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Northwest Energy Company	China Coal Northwest Energy Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Beijing Coal Mining Machinery Company	China Coal Beijing Coal Mining Machinery Company Limited
Xiaohuigou Coal Industry	Shanxi Xiaohuigou Coal Industry Company Limited
Mengda Mining Company	Wushenqi Mengda Mining Company Limited
Maying Coal Company	Shanxi Shuozhou Shanyin Jinhaiyang Maying Coal Company Limited
Nanliang Coal Company	Shaanxi Nanliang Coal Company Limited
Changhong Xinjian Company	Lingshi County Changhong Xinjian Coal Mine Company Limited
Xishahe Coal Company	Shanxi China Coal Xishahe Coal Company Limited
Yihua Mining Company	Ordos Yihua Mining Resources Company Limited
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
RMB	RMB yuan

中国中煤能源股份有限公司
CHINA COAL ENERGY COMPANY LIMITED

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